

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 31, 2024

NEW ISSUE - DTC BOOK ENTRY ONLY

RATING: Moody's: "Aa3"
(See "Rating" herein.)

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 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 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 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX EXEMPTION AND RELATED TAX MATTERS" herein.

\$9,195,000*

**City of North Liberty, Iowa
General Obligation Corporate Purpose Bonds,
Series 2024A**

Dated: Date of Delivery

Due: As shown on inside cover

The \$9,195,000* General Obligation Corporate Purpose Bonds, Series 2024A (the "Bonds"), are being issued in fully registered form in denominations of \$5,000 or any integral multiple thereof pursuant to the provisions of Chapters 384 and 76 of the Code of Iowa, 2023, as amended and a resolution authorizing issuance of the Bonds (the "Resolution") expected to be adopted by the City of North Liberty, Iowa (the "Issuer" or the "City") on November 26, 2024*. The Depository Trust Company, New York, New York ("DTC") will act as the securities depository for the Bonds and its nominee, Cede & Co., will be the registered owner of the Bonds. Individual purchases of the Bonds will be recorded on a book-entry only system operated by DTC. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by UMB Bank, n.a., West Des Moines, Iowa, as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds. See "APPENDIX E – BOOK-ENTRY SYSTEM" herein.

The Bonds will bear interest from their dated date, payable semiannually on each June 1 and December 1, commencing June 1, 2025*. The Bonds are subject to mandatory sinking fund redemption by the Issuer prior to their stated maturities in the manner and at the time described herein. All of the Bonds then outstanding are subject to optional redemption at the option of the Issuer, as a whole or in part, from any source of available funds, on June 1, 2032*, or on any date thereafter at a redemption price equal to the principal amount of the Bonds, together with accrued interest to the date fixed for redemption, without premium. See "THE BONDS – Redemption" herein.

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. See "SECURITY AND SOURCE OF PAYMENT" herein.

Proceeds of the Bonds will be used for the purpose of paying the cost, to that extent of (a) undertaking the City Hall Project, an urban renewal project in the North Liberty Urban Renewal Area (such project having been authorized by action of the City Council on December 14, 2021 and consisting of constructing, furnishing and equipping a new City Hall facility); (b) undertaking parking lot improvements at Penn Meadows Municipal Park; (c) undertaking the Northside Community Park Land Acquisition Project, an urban renewal project of the City authorized by action of the City Council on June 27, 2023, as amended on May 14, 2024; and (d) paying certain costs of issuance related to the Bonds. See "PLAN OF FINANCING" herein.

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion as to legality, validity and tax exemption by Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel. Dorsey & Whitney LLP is also serving as Disclosure Counsel to the Issuer in connection with the issuance of the Bonds. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about December 11, 2024.*

The Date of this Official Statement is November __, 2024

* Preliminary, subject to change

\$9,195,000*
City of North Liberty, Iowa
General Obligation Corporate Purpose Bonds,
Series 2024A

MATURITY SCHEDULE

<u>Due</u>	<u>Amount</u> *	<u>Rate</u> *	<u>Yield</u> *	<u>Cusip Num.</u> **	<u>Due</u>	<u>Amount</u> *	<u>Rate</u> *	<u>Yield</u> *	<u>Cusip Num.</u> **
June 1, 2026	\$650,000				June 1, 2032	\$770,000			
June 1, 2027	\$670,000				June 1, 2033	\$795,000			
June 1, 2028	\$685,000				June 1, 2034	\$820,000			
June 1, 2029	\$700,000				June 1, 2035	\$845,000			
June 1, 2030	\$725,000				June 1, 2036	\$880,000			
June 1, 2031	\$745,000				June 1, 2037	\$910,000			

* Preliminary, subject to change.

** CUSIP numbers shown above have been assigned by a separate organization not affiliated with the Issuer. The Issuer has not selected nor is responsible for selecting the CUSIP numbers assigned to the Bonds nor do they make any representation as to the correctness of such CUSIP numbers on the Bonds or as indicated above.

No dealer, broker, salesperson or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy any of the securities offered hereby in any state to any persons to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

The information set forth herein has been obtained from the Issuer and from other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

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.

THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED “FORWARD-LOOKING STATEMENTS,” MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS “ANTICIPATED,” “PLAN,” “EXPECT,” “PROJECTED,” “ESTIMATE,” “BUDGET,” “PRO FORMA,” “FORECAST,” “INTEND,” OR OTHER WORDS OF SIMILAR IMPORT. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO DIFFER FROM THOSE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE ISSUER DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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.

In connection with the issuance of the Bonds, the Issuer will enter into a Continuing Disclosure Certificate. See “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

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OFFICIAL STATEMENT

\$9,195,000*

City of North Liberty, Iowa General Obligation Corporate Purpose Bonds, Series 2024A

INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices hereto (the “Official Statement”), is to set forth certain information in conjunction with the sale of \$9,195,000* General Obligation Corporate Purpose Bonds, Series 2024A (the “Bonds”), of the City of North Liberty, Iowa (the “Issuer” or the “City”). This Introduction is not a summary of this Official Statement, but is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the appendices attached hereto. All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Copies of statutes, resolutions, ordinances, reports or other documents referred to herein are available, upon request, from the Issuer.

The Bonds are being issued pursuant to the provisions of Chapters 384 and 76 of the Code of Iowa, 2023, as amended (collectively, the “Act”), and a resolution expected to be adopted by the Issuer on November 26, 2024* (the “Resolution”), to evidence the obligations of the Issuer under a loan agreement between the Issuer and the Underwriter (the “Loan Agreement”).

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. See “SECURITY AND SOURCE OF PAYMENT” herein.

Proceeds of the Bonds will be used for the purpose of paying the cost, to that extent, of (a) undertaking the City Hall Project, an urban renewal project in the North Liberty Urban Renewal Area (such project having been authorized by action of the City Council on December 14, 2021 and consisting of constructing, furnishing and equipping a new City Hall facility); (b) undertaking parking lot improvements at Penn Meadows Municipal Park; (c) undertaking the Northside Community Park Land Acquisition Project, an urban renewal project of the City authorized by action of the City Council on June 27, 2023, as amended on May 14, 2024; and (d) paying certain costs of issuance related to the Bonds. See “PLAN OF FINANCING” and “SOURCES AND USES OF FUNDS” herein.

THE ISSUER

The Issuer, with a 2020 U.S. Census population of 20,479, comprises approximately 9.12 square miles. The Issuer operates under a statutory form of government consisting of a five-member City Council, of which the Mayor is not a voting member. Additional information concerning the Issuer is included in “APPENDIX A – INFORMATION ABOUT THE ISSUER” hereto.

THE BONDS

General

The Bonds will be issued in fully registered form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Interest on and principal of the Bonds are payable in lawful money of the United States of America.

The Bonds are dated as of the date of their delivery, will mature on June 1 in the years and in the amounts set forth on the inside cover page hereof, and will bear interest at the rates to be set forth on the inside cover page hereof. Interest on the Bonds is payable semiannually on June 1 and December 1 in each year, beginning on June 1, 2025*, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the interest payment date, to the addresses appearing on the registration books maintained by the Registrar or such other address as is furnished to the Registrar in writing by a registered owner. The Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

* Preliminary, subject to change.

Redemption

Optional Redemption. All of the Bonds then outstanding are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, beginning June 1, 2032*, or on any date thereafter at a redemption price equal to the principal amount of the Bonds, together with accrued interest to the date fixed for redemption, without premium.

Selection of Bonds for Redemption. Bonds subject to redemption will be selected in such order of maturity as the Issuer may direct. If less than all of the Bonds of a single maturity are to be redeemed, the Bonds to be redeemed will be selected by lot or other random method by the Registrar in such a manner as the Registrar may determine.

Notice of Redemption. Prior to the redemption of any Bonds under the provisions of the Resolution, the Registrar shall give notice by certified mail or electronic means not less than thirty (30) days prior to the redemption date to each registered owner thereof.

SECURITY AND SOURCE OF PAYMENT

General

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. See “APPENDIX A – INFORMATION ABOUT THE ISSUER.”

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 such resolution shall be filed with the County Auditor in which the Issuer is located, giving rise to a duty of the County Auditor to annually enter this levy for collection from the taxable 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. While not pledged to Bondholders, the Issuer may use tax increment revenues for the payment of the principal of and interest on the Bonds.

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 judgment as to whether the Bonds are an appropriate investment.

Tax Levy Procedures

The Bonds are general obligations of the Issuer, payable from and secured by a continuing ad-valorem tax levied against all of the taxable property within the boundaries of the Issuer. As part of the budgetary process of the Issuer each fiscal year the Issuer will have an obligation to request a debt service levy to be applied against all of the taxable property within the boundaries of the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service on 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.

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

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 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.

Rating Loss

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa3" to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

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 creditor's 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 of Iowa. 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 Issuer 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 Issuer 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, 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.

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,” 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 Issuer to pay debt service when due on the Bonds.

Tax Matters, Bank Qualification and Loss of Tax Exemption

As discussed under the heading “TAX EXEMPTION AND RELATED TAX MATTERS” herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the Issuer in violation of its covenants in the Resolution. Should such an event of taxability occur, the 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 Bonds, and there is no provision for an adjustment of the interest rate on the Bonds.

The Issuer will designate the Bonds as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), 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 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 Bonds will alter the tax-exempt status of the Bonds, and, in the extreme, remove the tax-exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset. A determination of taxability on the Bonds, after closing of the Bonds, could materially adversely affect the value and marketability of the Bonds.

DTC-Beneficial Owners

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

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

Proposed Federal Tax Legislation

From time to time, Presidential proposals, federal legislative committee proposals or legislative proposals are made that would, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Bonds. It cannot be predicted whether or in what forms any of such proposals that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. See “TAX EXEMPTION AND RELATED TAX MATTERS” herein.

Cybersecurity

The Issuer, 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 Issuer will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the Issuer's information systems could impact business operations and systems, and the costs of remedying any such damage could be significant.

The Issuer maintains cybersecurity insurance coverage. The Issuer cannot predict whether this coverage would be sufficient in the event of a cyber-incident.

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

The Issuer contributes to the Iowa Public Employees' Retirement System (“IPERS”), which is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the Issuer are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make monthly contributions to IPERS. Contribution amounts are set by State statute. The IPERS Annual Comprehensive Financial Report for its fiscal year ended June 30, 2023 (the “IPERS ACFR”), indicates that as of June 30, 2023, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 89.70%, and the unfunded actuarial liability was approximately \$4.707 billion. The IPERS ACFR identifies the IPERS Net Pension Liability at June 30, 2023, at approximately \$4.514 billion (market value), while its net pension liability at June 30, 2022, was approximately \$3.778 billion (market value). The IPERS ACFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR FISCAL YEAR 2023” for additional information on IPERS.

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

In fiscal year ended June 30, 2023, the Issuer's IPERS contribution totaled approximately \$879,622. The Issuer is current in its obligations to IPERS.

Pursuant to Governmental Accounting Standards Board Statement No. 68, IPERS has allocated the net pension liability among its members, with the Issuer's identified portion at June 30, 2023, at approximately \$1,874,485, which is measured as of June 30, 2022. While the Issuer's contributions to IPERS are controlled by state law, there can be no assurance the Issuer 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 Issuer. See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR FISCAL YEAR 2023” for additional information on pension and liabilities of the Issuer.

The Issuer operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their qualified beneficiaries. Group insurance benefits are established under the Iowa Code, Section 509A.13. The Issuer currently finances the benefit with Wellmark on a pay-as-you-go basis. For the year ended June 30, 2023, the Issuer contributed \$1,201,685 and plan members eligible for benefits contributed \$186,662 to the plan. At June 30, 2023, no assets had been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Employees of the Issuer that are eligible to participate in the group health plan are eligible to continue coverage when a “qualifying event” would normally result in the loss of eligibility. “Qualifying events” are defined in the Issuer's employee manual. Retirees and their beneficiaries under age 65 are required to pay the full cost for the continuing coverage. Continuing coverage is available until the employees and their beneficiaries attain age 65. The cost of the continuing coverage is the same as the cost for active employees, which results in an implicit rate subsidy. As of June 30, 2023, there were 101 active members in the plan. The Issuer partially self-funds the health benefit plan. See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on other post-employment benefits of the Issuer.

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 Bonds. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

Summary

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.

LITIGATION

The Issuer encounters litigation occasionally, as a course of business; however, no litigation currently exists that is not believed to be covered by current insurance carriers and the Issuer is not aware of any pending litigation that questions the validity of these Bonds.

ACCOUNTANT

The financial statements of the Issuer as of and for the year ended June 30, 2023, included in this Official Statement as Appendix D, have been audited by BerganKDV, LTD, St. Cloud, Minnesota, independent auditors, as stated in their report appearing herein. BerganKDV, LTD, has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2023, and also has not performed any procedures relating to this Official Statement.

The financial statements are prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.

MUNICIPAL ADVISOR

The Issuer has retained Independent Public Advisors, LLC, West Des Moines, Iowa, as municipal advisor (the “Municipal Advisor”) in connection with the preparation of the issuance of the Bonds. The Municipal Advisor assisted in the preparation of Appendix A hereto and in other matters relating to the planning, structuring and issuance of the Bonds. In assisting with the preparation of the Appendix A, the Municipal Advisor has relied on government officials, and other sources to provide accurate information for disclosure purposes. The Municipal Advisor is not obligated to undertake, and has not undertaken, an independent verification of the accuracy, completeness, or fairness of the information contained in the Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

PLAN OF FINANCING

The Issuer will use the proceeds of the Bonds to provide funds for the purpose of paying the cost, to that extent, of (a) undertaking the City Hall Project, an urban renewal project in the North Liberty Urban Renewal Area (such project having been authorized by action of the City Council on December 14, 2021 and consisting of constructing, furnishing and equipping a new City Hall facility); (b) undertaking parking lot improvements at Penn Meadows Municipal Park; (c) undertaking the Northside Community Park Land Acquisition Project, an urban renewal project of the City authorized by action of the City Council on June 27, 2023, as amended on May 14, 2024; and (d) paying certain costs of issuance related to the Bonds.

SOURCES AND USES OF FUNDS*

The following are estimated sources and uses of funds, with respect to the Bonds.

Sources of Funds	
Bond Principal	\$9,195,000.00*
Premium	
Total Sources of Funds	
Uses of Funds	
Project Fund	
Capitalized Interest Fund	
Costs of Issuance & Contingency ⁽¹⁾	
Total Uses of Funds	

(1) Includes, among other things, payment of certain legal, financial and other expenses related to the issuance of the Bonds (including, without limitation, underwriters' discount). See the discussion under the caption "UNDERWRITING" herein.

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 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 Bonds in order that interest thereon be, or continue to be, excluded from

* Preliminary, subject to change.

gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. In the resolution authorizing the issuance of the Bonds, the Issuer will covenant to comply with all such requirements.

There may be certain other federal tax consequences to the ownership of the 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 Bonds. Prospective purchasers of the Bonds should consult with their tax advisors as to such matters.

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

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 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. 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 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 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.

Purchasers of the 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 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 Bonds, the Issuer will designate the 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 Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Original Issue Premium

The 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 Bonds at a premium must, from time to time, reduce their federal tax bases for the Bonds for purposes of determining gain or loss on the sale or payment of such 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 Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such 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 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 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 Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Code (“Section 1288”) 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 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.

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 B – FORM OF BOND COUNSEL OPINION." 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. Dorsey & Whitney LLP is also serving as Disclosure Counsel to the Issuer in connection with issuance of the Bonds.

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.

RATING

The Bonds are rated "Aa3" by Moody's. The rating reflects only the views of Moody's, and an explanation of the significance of that rating may be obtained only from Moody's and its published materials. The rating described above is not a recommendation to buy, sell or hold the Bonds. There can be no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of Moody's, circumstances so warrant. Therefore, after the date hereof, investors should not assume that the rating is still in effect. A downward revision or withdrawal of the rating is likely to have an adverse effect on the market price and marketability of the Bonds. The Issuer has not assumed any responsibility either to notify the owners of the Bonds of any proposed change in or withdrawal of any rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Certificate, or to contest any revision or withdrawal.

CONTINUING DISCLOSURE

The Issuer 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 Issuer (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the Issuer no later than twelve months after the close of each fiscal year, commencing with the fiscal year ending June 30, 2024, with the Municipal Securities Rulemaking Board, at its internet repository named "Electronic Municipal Market Access" ("EMMA"). The notices of events, if any, are also to be filed with EMMA. See "APPENDIX C – 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 C – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

During the previous five years, the Issuer did not timely link to all issues audited financial statements for its fiscal year ended June 30, 2021, and did timely file notice of its failure to provide the aforementioned information on or before the date specified in its applicable continuing disclosure undertaking.

UNDERWRITING

The Bonds are being purchased, subject to certain conditions, by _____ (the “Underwriter”). The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds at an aggregate purchase price of \$ _____ (reflecting the par amount of the Bonds with original issue premium of \$ _____ and an underwriter’s discount of \$ _____).

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.

MISCELLANEOUS

Brief descriptions or summaries of the Issuer, 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 Issuer.

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 Issuer and the purchasers or Owners of any of the Bonds.

The attached APPENDICES A, B, C, D and E 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 Issuer 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 Issuer.

City of North Liberty, Iowa

Ryan Heiar/City Administrator

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APPENDIX A

INFORMATION ABOUT THE ISSUER

CITY OF NORTH LIBERTY, IOWA

NORTH LIBERTY, IA

CITY HALL
360 N. Main Street
North Liberty, IA 52317
Telephone 319-626-5700

MAYOR AND CITY COUNCIL

Chris Hoffman, Mayor *Term Expires December 31, 2025*
Brian Leibold, Council Member *Term Expires December 31, 2027*
Paul Park, Council Member *Term Expires December 31, 2027*
Erek Sittig, Council Member *Term Expires December 31, 2025*
Brent Smith, Council Member *Term Expires December 31, 2027*
Brian Wayson, Council Member *Term Expires December 31, 2025*

CITY OFFICIALS

Ryan Heiar *City Administrator*
Tracey Mulcahey *Assistant City Administrator/Clerk*
Debra Hilton *City Treasurer*
Mary Byers *Deputy City Clerk*
Grant Lientz *City Attorney*

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PROPERTY VALUES

IOWA PROPERTY VALUATIONS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs all County Auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The assessments finalized as of January 1 of each year are applied to the following fiscal year.

The 2023 final Actual Values are for taxes payable July 1, 2024 through June 30, 2025, have also been adjusted by the Johnson County Auditor. The reduced values, determined after the application of rollback percentages, are the Taxable Values subject to tax levy. For assessment year 2023, the Taxable Value rollback rate was 46.3428% of Actual Value for residential property; 71.8370% of Actual Value for agricultural property; 90% of Actual Value for commercial, industrial, and railroad property; and 100.0000% of Actual Value for utility property.

The Legislature's intent has been to limit the growth of statewide taxable valuations for most classes of property to 3% annually; utility taxable valuation growth is limited to 8%. Political subdivisions whose taxable values are thus reduced or are unusually low in growth are allowed to appeal the valuations to the State Appeal Board, in order to continue to fund present services.

VALUATIONS

	1/1/2023 VALUATIONS¹	
	100% <u>Actual Value</u>	Taxable Value <u>(With Rollback)</u>
Residential	\$2,060,550,342	\$916,490,623
Commercial	284,584,085	229,059,927
Industrial	14,488,005	12,105,966
Railroad	3,274,529	2,940,758
Utilities w/o Gas & Electric	<u>0</u>	0
Gross valuation	\$2,362,896,961	\$1,160,597,274
Less military exemption	<u>(3,225,728)</u>	<u>(3,225,728)</u>
Net valuation	\$2,359,671,233	\$1,157,371,546
TIF increment (used to compute debt service levies and constitutional debt limit)	\$158,846,338	\$158,651,383
Taxed separately		
Ag. Land & Buildings	\$3,267,840 ²	\$2,293,055
Utilities – Gas & Electric	31,885,629	5,287,108

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¹For taxes payable July 1, 2024 through June 30, 2025.

²Excludes \$193,400 of TIF ag land.

GROSS TAXABLE VALUATION BY CLASS OF PROPERTY³

	1/1/2023 VALUATIONS ⁴	
	Taxable <u>Valuation</u>	Percent <u>Total</u>
Residential	\$916,490,623	78.609%
Commercial, Industrial, Other, Railroad & Utility	244,106,651	20.937%
Utilities – Gas & Electric	5,287,108	0.453%
Total Gross Taxable Valuation	\$1,165,884,382	100.00%

Source: Iowa Department of Management

TREND OF VALUATIONS

The 100% Actual Valuations, before rollback and after reduction of military exemption, include Ag. Land, Ag. Buildings, TIF Increment, and Gas & Electric Utilities. The Net Taxable Valuations, with the rollback and after the reduction of military exemption, include Gas & Electric Utilities, but exclude Ag. Land, Ag Buildings, and Taxable TIF Increment. Iowa cities certify operating levies against Net Taxable Valuation excluding the Taxable TIF Increment and debt service levies are certified against Net Taxable Valuations including the Taxable TIF Increment.

Assessment <u>Year</u>	Payable <u>Fiscal Year</u>	100% <u>Actual Valuation</u>	Net Taxable Valuation <u>(With Rollback)</u>	Taxable TIF Increment
2019	2020-21	\$1,875,970,250	\$927,483,804	\$209,426,140
2020	2021-22	1,919,587,476	991,614,386	190,174,890
2021	2022-23	2,054,339,274	1,051,996,465	170,693,182
2022	2023-24	2,121,803,762	1,089,269,453	163,539,779
2023	2024-25	2,553,864,460	1,162,658,654	158,651,383

Source: Iowa Department of Management

LARGER TAXPAYERS

<u>Taxpayer</u>	Property/ <u>Business Type</u>	1/1/2023 <u>Taxable Valuation</u>
Bankers Commercial Corporation	Commercial	28,685,032
Greenstate Credit Union	Commercial	23,686,270
Springfever LLC	Commercial	8,980,282
Heartland Equipment Inc	Commercial	8,548,264
Keystone North Liberty LC	Commercial	8,332,530
South Slope Cooperative Telephone Company, INC	Commercial	7,784,347
Junge Enterprises LLC	Commercial	7,432,034
Centro INC	Industrial	7,030,676
Frontier Distribution LLC	Commercial	6,967,238
BP LP Owners, LLC	Commercial	6,930,305

Source: Johnson County Iowa Auditor's Office.

³ Before military exemption, and exclusive of agricultural land and buildings, and taxable TIF increment.

⁴ For taxes payable July 1, 2024 through June 30, 2025.

INDEBTEDNESS

DEBT LIMIT

Article XI, Section 3 of the State of Iowa Constitution limits the amount of debt outstanding at any time of any county, municipality or other political subdivision to no more than 5% of the actual value of all taxable property within the corporate limits, as taken from the last state and county tax list. The debt limit for the City, based on its 2021 Actual Valuation applicable to the fiscal year 2022-23, is as follows:

2023 Actual Valuation of Property	\$2,557,090,188
Less: Military Exemption	<u>(3,225,728)</u>
Net Valuation	\$2,553,864,460
Constitutional Debt Percentage	5.00%
Constitutional Debt Limit	<u>\$127,693,223</u>
Less: Applicable General Obligation Debt	<u>(53,505,000)</u>
Constitutional Debt Margin	\$74,188,223

DIRECT DEBT

General Obligation Debt Paid by Property Taxes (Includes the Bonds)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 10/01/24</u>
10/15A	\$1,005,000	Corporate Purpose/Refunding	6/26	\$180,000
04/17A	2,080,000	Corporate Purpose/Refunding	6/27	360,000
10/18A	1,120,000	Corporate Purpose	6/31	690,000
07/20A	4,740,000	Corporate Purpose	6/32	3,500,000
08/21A	4,900,000	Corporate Purpose	6/37	4,300,000
08/22A	125,000	Corporate Purpose	6/35	115,000
06/23A	965,000	Corporate Purpose	6/36	965,000
12/24A	4,395,000	Corporate Purpose	6/37	<u>4,395,000</u>
Subtotal				\$14,505,000

General Obligation Debt Paid by Tax Increment (Includes the Bonds)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 10/01/24</u>
10/14C	\$3,090,000	Urban Renewal	6/25	\$335,000
10/15A	3,240,000	Urban Renewal & Refunding	6/26	580,000
04/17B	7,980,000	Urban Renewal & Refunding	6/29	2,470,000
10/18A	3,475,000	Urban Renewal	6/31	2,150,000
09/19A	8,010,000	Urban Renewal & Refunding	6/32	4,320,000
07/20A	4,615,000	Urban Renewal	6/32	3,410,000
08/21A	2,370,000	Urban Renewal	6/34	1,995,000
08/22A	4,685,000	Urban Renewal	6/35	4,345,000
06/23A	8,470,000	Urban Renewal	6/39	8,470,000
12/24A	4,800,000	Urban Renewal	6/37	<u>4,800,000</u>
Subtotal				\$32,875,000

General Obligation Debt Paid by Sewer Revenues

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 10/01/24</u>
10/15A	\$2,960,000	Sewer Improvements	6/26	\$640,000
04/17A	1,110,000	Sewer Improvements	6/27	395,000
07/20A	805,000	Sewer Improvements	6/32	595,000
08/22A	3,895,000	Sewer Improvements	6/35	<u>3,610,000</u>
Subtotal				\$5,240,000

General Obligation Debt Paid by Water Revenues

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 10/01/24</u>
10/15A	\$2,705,000	Water Improvements & Refunding	6/26	\$485,000
08/22A	430,000	Water Improvements	6/35	<u>400,000</u>
Subtotal				\$885,000

Total General Obligation Debt Subject to Debt Limit: \$53,505,000

ANNUAL FISCAL YEAR DEBT SERVICE PAYMENTS

General Obligation Debt Paid by Property Taxes

<u>Fiscal Year</u>	<u>Current Outstanding G.O. Debt Paid by Property Taxes</u>		<u>The Bonds</u>		<u>Total G.O. Debt Paid by Property Taxes</u>	
	<u>Principal</u>	<u>Principal and Interest</u>	<u>Principal</u>	<u>Principal and Interest</u>	<u>Principal</u>	<u>Principal and Interest</u>
FY 2024-25	\$1,095,000	\$1,294,230		\$66,071	\$1,095,000	\$1,360,301
FY 2025-26	1,110,000	1,286,930	\$310,000	449,915	1,420,000	1,736,845
FY 2025-27	1,040,000	1,194,230	320,000	451,638	1,360,000	1,645,868
FY 2027-28	930,000	1,062,830	330,000	452,870	1,260,000	1,515,700
FY 2028-29	945,000	1,059,880	335,000	448,399	1,280,000	1,508,279
FY 2029-30	960,000	1,056,580	345,000	448,650	1,305,000	1,505,230
FY 2030-31	975,000	1,052,725	355,000	448,197	1,330,000	1,500,922
FY 2031-32	885,000	943,288	370,000	452,121	1,255,000	1,395,408
FY 2032-33	440,000	481,635	380,000	450,244	820,000	931,879
FY 2033-34	445,000	478,485	390,000	447,818	835,000	926,303
FY 2034-35	460,000	484,928	405,000	449,519	865,000	934,446
FY 2035-36	460,000	475,603	420,000	450,222	880,000	925,825
FY 2036-37	<u>365,000</u>	<u>371,023</u>	<u>435,000</u>	<u>450,312</u>	<u>800,000</u>	<u>821,335</u>
Total	\$10,110,000	\$11,242,367	\$4,395,000	\$5,465,976	\$14,505,000	\$16,708,341

General Obligation Debt Paid by Tax Increment (Includes the Bonds)

Fiscal Year	Current Outstanding G.O. Debt Paid by <u>Tax Increment</u>		<u>The Bonds</u>		Total G.O. Debt Paid by <u>Tax Increment</u>	
	<u>Principal</u>	Principal and <u>Interest</u>	<u>Principal</u>	Principal and <u>Interest</u>	<u>Principal</u>	Principal and <u>Interest</u>
FY 2024-25	\$3,620,000	\$4,402,991		\$72,163	\$3,620,000	\$4,475,154
FY 2025-26	3,345,000	4,042,641	340,000	492,816	3,685,000	4,535,457
FY 2026-27	2,635,000	3,252,391	350,000	493,738	2,985,000	3,746,129
FY 2027-28	2,685,000	3,235,123	355,000	489,148	3,040,000	3,724,270
FY 2028-29	2,760,000	3,240,860	365,000	488,959	3,125,000	3,729,819
FY 2029-30	2,295,000	2,703,160	380,000	493,338	2,675,000	3,196,498
FY 2030-31	2,355,000	2,701,485	390,000	491,824	2,745,000	3,193,309
FY 2031-32	2,070,000	2,352,685	400,000	489,656	2,470,000	2,842,341
FY 2032-33	1,215,000	1,442,778	415,000	491,816	1,630,000	1,934,593
FY 2033-34	1,255,000	1,444,203	430,000	493,245	1,685,000	1,937,448
FY 2034-35	1,075,000	1,224,100	440,000	488,582	1,515,000	1,712,682
FY 2035-36	650,000	760,600	460,000	493,050	1,110,000	1,253,650
FY 2036-37	675,000	759,600	<u>475,000</u>	<u>491,720</u>	1,150,000	1,251,320
FY 2037-38	705,000	762,600			705,000	762,600
FY 2038-39	<u>735,000</u>	<u>764,400</u>			<u>735,000</u>	<u>764,400</u>
Total	\$28,075,000	\$33,089,617	\$4,800,000	\$5,970,055	\$32,875,000	\$39,059,670

General Obligation Debt Paid by Sewer Revenues

Fiscal Year	Total G.O. Debt Paid by <u>Sewer Revenues</u>	
	<u>Principal</u>	Principal and <u>Interest</u>
FY 2024-25	\$805,000	\$949,850
FY 2025-26	820,000	944,550
FY 2026-27	505,000	608,900
FY 2027-28	385,000	474,450
FY 2028-29	390,000	468,650
FY 2029-30	400,000	467,700
FY 2030-31	415,000	471,450
FY 2031-32	425,000	469,800
FY 2032-33	355,000	387,850
FY 2033-34	365,000	387,200
FY 2034-35	<u>375,000</u>	<u>386,250</u>
Total	\$5,240,000	\$6,016,650

General Obligation Debt Paid by Water Revenues

Fiscal <u>Year</u>	Total Outstanding G.O. Debt Paid by <u>Water Revenues</u>	
	<u>Principal</u>	<u>Principal and Interest</u>
FY 2024-25	\$270,000	\$301,300
FY 2025-26	280,000	306,650
FY 2026-27	35,000	45,050
FY 2027-28	35,000	44,000
FY 2028-29	35,000	42,950
FY 2029-30	35,000	41,900
FY 2030-31	35,000	40,850
FY 2031-32	40,000	44,800
FY 2032-33	40,000	43,600
FY 2033-34	40,000	42,400
FY 2034-35	<u>40,000</u>	<u>41,200</u>
Total	\$885,000	\$994,700

OTHER DEBT

The City has revenue debt payable solely from the net revenues of the Municipal Sewer System as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 10/01/24</u>
08/07	\$5,271,000	Sewer Projects (SRF)	06/27	\$1,815,000
08/08A	3,250,000	Sewer Projects (SRF)	06/28	768,000
04/14A	1,315,000	Sewer Refunding	06/25	135,000
03/16A	22,337,000	Sewer Refunding & Improvement	06/37	<u>17,144,840</u>
Total				\$19,862,840

The City has revenue debt payable solely from the net revenues of the Municipal Waterworks System as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 10/01/24</u>
04/14B	\$1,210,000	Refunding	06/26	\$225,000
02/17	22,072,000	Water Improvements	06/37	<u>16,923,154</u>
Total				\$17,148,154

The City has revenue debt payable solely from the gross revenues of the Road Use Tax Fund as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 10/01/24</u>
03/12A	\$1,815,000	Street Improvements	06/27	\$420,000

TIF-backed Development Agreements

From time to time the City, pursuant to Section 403.9 of the Code of Iowa 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 Code of Iowa. The City’s payment obligations 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 on the City’s more significant Development Agreement which is subject to annual appropriation by the City:

Agreement Start Date	Agreement With	Maximum Aggregate Remaining Payment Amount	Last Payment Date
FY 2012-13	A&M Development, LLC (includes Corridor Media and GEICO) ⁵	\$3,477,395	June 1, 2032
FY 2023-24	Pratt Real Estate Management, Inc.	\$7,500,000	June 1, 2034

INDIRECT DEBT

<u>Taxing District</u>	<u>1/1/2023 Taxable Valuation</u>	<u>Portion of Taxable Value In the City</u>	<u>Percent Applicable</u>	<u>GO Debt⁶</u>	<u>City’s Indirect Portion</u>
Johnson County	\$10,890,242,877	\$1,324,178,572	12.16%	\$1,424,754	\$173,240
Iowa City CSD	7,848,051,436	875,048,947	11.15%	150,469,208	16,777,148
Clear Creek – Amana CSD	1,606,689,673	449,129,625	27.95%	113,825,000	31,818,328
Kirkwood Comm. College	32,318,284,879	1,324,178,572	4.10%	152,115,217	<u>6,232,624</u>
TOTAL					\$55,001,340

DEBT RATIOS

	<u>G.O. Debt</u>	<u>Debt/Actual Market Value</u>	<u>Debt/20,479 Population</u>
Direct General Obligation Debt	\$53,505,000	2.095%	\$2,612.68
Indirect General Obligation Debt	<u>55,001,340</u>	<u>2.154%</u>	<u>2,685.74</u>
Combined Debt	\$108,506,340	4.249%	\$5,298.42

⁵ This agreement is subject to annual appropriation until the amount paid reaches \$2,250,000.

⁶ Debt service based on publicly available data. School district figures exclude Sale and Service Tax Revenue Bonds.

LEVIES AND TAX COLLECTIONS

<u>Year</u>	<u>Taxes Levied</u>	<u>Current Collections</u>	<u>% of Taxes Levied</u>
2019-20	15,097,120	15,478,846	103.00%
2020-21	16,290,742	16,405,358	100.70%
2021-22	17,328,377	17,772,763	102.56%
2022-23	17,260,603	17,188,609	99.58%
2023-24	17,535,456	17,789,973	101.43%
2024-25	18,163,874	--in process of collection--	

After the assessment of property in a calendar year, taxes are levied for collection in the following fiscal year. Taxes are certified to the County Auditor in March. The County Treasurer collects taxes for all taxing entities in the County. Statutory dates for payment without penalty are September 30 for the first installment and March 31 for the second installment. Penalty rates are established by State law at 1% per month.

TAX RATES

	<u>Tax Rates (Per \$1,000 of Taxable Value)</u>				
	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Johnson County	\$6.34581	\$6.16774	\$6.04075	6.06180	6.43080
City of North Liberty	11.03264	11.51744	11.31920	11.45184	11.37126
Iowa City CSD	14.83935	14.85066	14.93382	16.27411	16.81865
Clear Creek-Amana CSD	17.06011	17.05959	17.04885	17.04618	17.01187
County Assessor	0.28010	0.28052	0.27379	0.24898	0.21824
Ag. Extension	0.06861	0.06820	0.06862	0.06954	0.07237
Kirkwood Community College	1.25730	1.31195	1.34462	1.39550	1.39550
State of Iowa	<u>0.00270</u>	<u>0.00260</u>	<u>0.00240</u>	<u>0.00180</u>	<u>0.00180</u>
Total Tax Rate Iowa City CSD	\$33.82651	\$34.19911	\$33.98320	\$35.50357	\$36.30862
Total Tax Rate Clear-Creek Amana CSD	\$36.04727	\$36.40804	\$36.09823	\$36.27564	\$36.50184

LEVY LIMITS

HF 718 introduced an adjustable limit for cities’ general fund levies (adjusted city general fund levy, or “ACGFL”). Iowa Code Section 384.1 outlines the ranges to which a city’s levy can be constrained. For fiscal year ending June 30, 2025, the City’s adjusted levy limit is \$7.84608. In addition to the ACGFL the City does levy costs for liability and other insurance expense, pension expense, other employee benefits and debt service. Currently, these levies are not limited by rate or amount.

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THE CITY

CITY GOVERNMENT

The City of North Liberty, Iowa (the “City”) was incorporated in 1913. The City is governed by a Mayor and a Council of five members elected on a non-partisan basis. Council members serve four-year terms and the Mayor serves a four-year term. The Council meets on the second and fourth Tuesday of each month. The City maintains police and fire departments and its own water and sanitary sewer systems.

UNION CONTRACTS

The City has a contract with the North Liberty Sergeants’ Association, expiring June 30, 2025 and the Public Professional & Maintenance Employees Local 2003 union, expiring June 30, 2026.

LOCATION AND TRANSPORTATION

The City is located in east central Iowa in Johnson County. The City is located off Interstate 380 between the cities of Cedar Rapids and Iowa City encompassing an area of 5 square miles. The City is a rapidly growing community with a population of 20,479 according to the U.S. 2020 census. The City has seen an increase in population of 11.9% from the 2015 special City census to the 2020 census.

BUILDING PERMITS

City officials reported the following construction activity as of March 20, 2023. Permits for the City are reported on a calendar year basis. The figures below include both new construction and remodeling.

Calendar Year	Single Family Homes & Alterations		Multi-Family Dwellings		Residential Alterations		Commercial/Industrial New		Commercial/Industrial Alterations	
	# Issued	Total Valuation	# Issued	Total Valuation	# Issued	Total Valuation	# Issued	Total Valuation	# Issued	Total Valuation
2019	95	22,753,328	0	0	132	4,393,475	1	1,550,000	46	1,912,796
2020	122	27,322,560	0	0	158	1,985,629	4	6,000,000	24	2,175,353
2021	190	50,520,533	2	11,800,000	85	2,585,041	8	7,534,890	34	1,916,343
2022	175	43,600,000	0	0	74	2,629,435	10	9,800,000	18	4,173,000
2023	135	35,824,600	6	26,934,979	160	3,645,243	9	77,232,000	21	2,671,198
2024	81	21,973,629	0	0	75	2,200,631	7	11,468,281	24	2,874,733

Annual Totals		
Calendar Year	# Issued	Total Valuation
2019	274	30,609,599
2020	308	37,483,542
2021	319	74,356,807
2022	277	60,200,000
2023	331	146,308,020
2024	187	38,517,274

Source: The City

U.S. CENSUS DATA

1980	2,046
1990	2,926
2000	5,367
2004 (Special City Census)	7,224
2010	13,374
2015 (Special City Census)	18,299
2020	20,479

Source: U.S. Census Bureau.

UNEMPLOYMENT RATES

<u>Annual Averages</u>	<u>Johnson County</u>	<u>State of Iowa</u>
2019	2.0%	2.7%
2020	4.7%	5.2%
2021	3.4%	3.8%
2022	2.3%	2.8%
2023	2.4%	2.9%
2024 ⁶	2.3%	3.0%

Source: Iowa Workforce Development; accessed October 10, 2024. Historical figures restated.

EDUCATION

Public education is provided by the Iowa City Community School District, with certified enrollment for the 2023-24 school year of 14,776 students. The Iowa City Community School District, owns and operates several pre-school sites, twenty elementary schools, three junior high schools, three senior high schools, and one alternative school for ninth through twelfth graders. Public education is also provided by the Clear Creek – Amana Community School District, with a certified enrollment for the 2023-24 school year of 3,126. The Clear Creek-Amana Community School District, operates four elementary schools, one middle school and one high school. Private education in North Liberty is provided by Heritage Christian School (non-denominational) for grades Kindergarten through seventh grade.

Colleges and universities within thirty miles of the City are: University of Iowa, Kirkwood Community College, Hamilton College, Cornell College, Capri College, Coe College and Mount Mercy College.

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⁶ Average January 2024 through August 2024.

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APPENDIX B

FORM OF BOND COUNSEL OPINION*

We hereby certify that we have examined certified copies of the proceedings (the “Proceedings”) of the City Council of the City of North Liberty (the “Issuer”), in Johnson County, Iowa, passed preliminary to the issue by the Issuer of its General Obligation Corporate Purpose Bonds, Series 2024A (the “Bonds”) in the amount of \$9,195,900 in the denomination of \$5,000 each, or any integral multiple thereof, dated December 11, 2024, in evidence of the Issuer’s obligation under a certain loan agreement (the “Loan Agreement”), dated as of December 11, 2024. The Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually on June 1 and December 1 in each year, commencing June 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	\$650,000	_____ %	2032	\$770,000	_____ %
2027	\$670,000	_____ %	2033	\$795,000	_____ %
2028	\$685,000	_____ %	2034	\$820,000	_____ %
2029	\$700,000	_____ %	2035	\$845,000	_____ %
2030	\$725,000	_____ %	2036	\$880,000	_____ %
2031	\$745,000	_____ %	2037	\$910,000	_____ %

Principal of the Bonds maturing in the years 2033 to 2037, 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 Bonds and the Loan Agreement are valid and binding general obligations of the Issuer.
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 Bonds without constitutional or statutory limitation as to rate or amount.
4. The interest on the 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 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 Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.
5. The Bonds are “qualified tax-exempt obligations” 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 Bonds in order that the Bonds be, or continue to be, qualified tax-exempt obligations. The Issuer has covenanted to comply with each such requirement.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds. We note, however, that interest on the 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 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 bond counsel opinion is subject to change pending the results of the sale of the Bonds contemplated herein.**

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of North Liberty, Iowa (the “Issuer”), in connection with the issuance of \$9,195,000 General Obligation Corporate Purpose Bonds, Series 2024A (the “Bonds”), dated December 11, 2024. The Bonds are being issued pursuant to a resolution of the Issuer approved on November 26, 2024 (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) 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) Tables, schedules or other information contained in the official statement for the Bonds, under the following captions:

Property Values

Iowa Property Valuations

Valuations

Gross Taxable Valuation by Class of Property

Trend of Valuations

Larger Taxpayers

Indebtedness

Debt Limit

Direct Debt (including General Obligation Debt Paid by Property Taxes, General Obligation Debt Paid by Tax Increment, General Obligation Debt Paid by Sewer Revenues, General Obligation Debt Paid by Water Revenues and Total General Obligation Debt Subject to Debt Limit)

Annual Fiscal Year Debt Service Payments (including General Obligation Debt Paid by Property Taxes, General Obligation Debt Paid by Tax Increment, General Obligation Debt Paid by Sewer Revenues and General Obligation Debt Paid by Water Revenues)

Other Debt (including debt payable from the Municipal Sewer System, Municipal Waterworks System, Road Use Tax Fund, and TIF-backed Development Agreements)

Indirect Debt

Debt Ratios

Levies and Tax Collections

Tax Rates (City Only)

Levy Limits

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 Independent Public Advisors, LLC.

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: December 11, 2024

CITY OF NORTH LIBERTY, IOWA

By _____
Mayor

Attest:

By _____
City Clerk

APPENDIX D

AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR FISCAL YEAR 2023

The financial statements are prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.

City of North Liberty

**Independent Auditor's Reports
Basic Financial Statements
Supplementary and Other Information
Schedule of Findings and Responses**

June 30, 2023

**City of North Liberty
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**City of North Liberty
Officials
June 30, 2023**

<u>Elected Officials</u>	<u>Title</u>	<u>Term Expires</u>
Chris Hoffman	Mayor	December 2025
Brian Wayson	Mayor Pro Tem	December 2025
Erek Sittig	Council Member	December 2025
Brian Wayson	Council Member	December 2025
RaQuishia Harrington	Council Member	December 2023
Brent Smith	Council Member	December 2023
Ashley Bermel	Council Member	December 2023
<u>City Staff</u>		
Ryan Heiar	City Administrator	
Tracey Mulcahey	City Clerk/ Assistant City Administrator	
Debra Hilton	Treasurer	
Grant Lientz	City Attorney	

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of North Liberty
North Liberty, Iowa

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of North Liberty, Iowa 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

As discussed in Note 1, these basic financial statements were prepared on the basis of cash receipts and disbursements, 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.

Responsibility of Management for the Financial Statements

The management of the City of North Liberty is responsible for the preparation and fair presentation of these financial statements in accordance with cash basis of accounting discussed in Note 1. This includes 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.

Responsibility of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which 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 judgment 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 judgment 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 judgment, there are conditions or events, considered in the aggregate, which 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. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

Supplementary Information (Continued)

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 standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

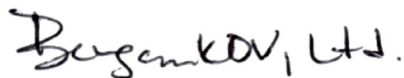
Other Information

Management is responsible for the other information included in the annual 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 as listed in the table of contents, 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 August 8, 2024, on our consideration of the City of North Liberty's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 City of North Liberty's internal control over financial reporting and compliance.



St. Cloud, Minnesota
August 8, 2024

BASIC FINANCIAL STATEMENTS

City of North Liberty
Cash Basis Statement of Activities and Net Position
Year Ended June 30, 2023

Functions/Programs	Disbursements	Program Receipts		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 2,373,393	\$ 602,859	\$ 180,845	\$ -
Public safety	5,300,309	793,433	270,208	-
Public works	3,375,117	1,608,750	3,084,320	-
Health and social services	143,000	-	-	-
Culture and recreation	5,599,144	1,138,773	384,324	4,782
Community and economic development	1,619,030	-	117,023	-
Debt service	6,935,147	-	-	-
Capital projects	12,688,219	-	-	2,430,883
Total governmental activities	<u>38,033,359</u>	<u>4,143,815</u>	<u>4,036,720</u>	<u>2,435,665</u>
Business-type activities				
Water	4,034,670	4,764,182	-	-
Sewer	4,470,415	5,516,932	-	-
Stormwater management	449,364	230,563	-	-
Total business-type activities	<u>8,954,449</u>	<u>10,511,677</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 46,987,808</u>	<u>\$ 14,655,492</u>	<u>\$ 4,036,720</u>	<u>\$ 2,435,665</u>

General receipts, transfers, and debt proceeds

- Property and other city tax levied for
 - General purposes
 - Debt service
 - Other purposes
- Commercial/industrial tax replacement
- Tax increment financing
- Franchise fees
- Unrestricted grants
- Unrestricted interest on investments
- Sale of capital assets
- Transfers
- Proceeds from long-term debt
- Total general receipts, transfers, and debt proceeds

Change in cash basis net position

Cash basis net position beginning of year

Cash basis net position end of year

Net (Disbursements) Receipts and
Changes in Cash Basis Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,589,689)	\$ -	\$ (1,589,689)
(4,236,668)	-	(4,236,668)
1,317,953	-	1,317,953
(143,000)	-	(143,000)
(4,071,265)	-	(4,071,265)
(1,502,007)	-	(1,502,007)
(6,935,147)	-	(6,935,147)
<u>(10,257,336)</u>	<u>-</u>	<u>(10,257,336)</u>
<u>(27,417,159)</u>	<u>-</u>	<u>(27,417,159)</u>
-	729,512	729,512
-	1,046,517	1,046,517
-	<u>(218,801)</u>	<u>(218,801)</u>
-	<u>1,557,228</u>	<u>1,557,228</u>
<u>(27,417,159)</u>	<u>1,557,228</u>	<u>(25,859,931)</u>
8,877,773	-	8,877,773
1,484,472	-	1,484,472
2,519,576	-	2,519,576
276,682	-	276,682
4,704,199	-	4,704,199
461,102	-	461,102
1,457,923	-	1,457,923
66,023	53,314	119,337
71,531	40,000	111,531
1,142,090	<u>(1,142,090)</u>	-
<u>14,874,138</u>	<u>4,210,167</u>	<u>19,084,305</u>
<u>35,935,509</u>	<u>3,161,391</u>	<u>39,096,900</u>
8,518,350	4,718,619	13,236,969
<u>12,906,115</u>	<u>7,750,248</u>	<u>20,656,363</u>
<u>\$ 21,424,465</u>	<u>\$ 12,468,867</u>	<u>\$ 33,893,332</u>

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City of North Liberty
Cash Basis Statement of Activities and Net Position
Year Ended June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash Basis Net Position			
Restricted			
Nonexpendable			
Utility deposits	\$ -	\$ 243,513	\$ 243,513
Expendable			
Streets	3,102,432	-	3,102,432
Urban renewal purposes	3,329,757	-	3,329,757
Park development	813,751	-	813,751
Escrow deposits	382,464	-	382,464
Debt service	2,406,061	2,144,423	4,550,484
Hotel/motel tax	102,128	-	102,128
Tree purchases	5,056	-	5,056
Police	30,003	-	30,003
Housing rehabilitation	21,246	-	21,246
Capital projects	-	2,935,907	2,935,907
Future grant expenditures	2,372,612	-	2,372,612
Unrestricted	8,858,955	7,145,024	16,003,979
Total cash basis net position	<u>\$ 21,424,465</u>	<u>\$ 12,468,867</u>	<u>\$ 33,893,332</u>

City of North Liberty
Statement of Cash Receipts, Disbursements, and
Changes in Cash Fund Balances -
Governmental Funds
Year Ended June 30, 2023

	General	Special Revenue		Debt Service
		Urban Renewal Tax Increment (125)	Road Use Tax (110)	General Obligation Debt Service (200)
Receipts				
General property taxes	\$ 8,877,773	\$ -	\$ -	\$ 1,484,472
Tax increments	-	4,704,199	-	-
Commercial and industrial tax replacement	193,115	2,175	-	33,691
Other city tax	877,993	-	-	-
Licenses and permits	782,500	-	-	-
Intergovernmental	698,582	-	2,818,143	-
Charges for services	2,835,800	-	-	-
Use of money and property	45,950	-	-	-
Miscellaneous	1,574,963	-	-	-
Total receipts	<u>15,886,676</u>	<u>4,706,374</u>	<u>2,818,143</u>	<u>1,518,163</u>
Disbursements				
Current				
General government	2,340,744	-	-	-
Public safety	5,194,385	-	-	-
Public works	1,718,097	-	1,529,586	-
Health and social services	143,000	-	-	-
Community and economic development	1,310,168	289,198	-	-
Culture and recreation	5,515,557	-	-	-
Debt service				
Principal and interest	-	-	-	5,832,943
Interest and fiscal charges	-	-	-	1,102,204
Capital outlay				
General government	35,623	-	-	-
Public safety	532,117	-	-	-
Public works	746,489	-	-	-
Culture and recreation	751,530	-	-	-
Total disbursements	<u>18,287,710</u>	<u>289,198</u>	<u>1,529,586</u>	<u>6,935,147</u>
Excess of receipts over (under) disbursements	(2,401,034)	4,417,176	1,288,557	(5,416,984)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	71,531	-	-	-
Proceeds from long-term debt	-	-	-	806,000
Bond premium	-	-	-	-
Insurance proceeds	330,068	-	-	-
Transfers in	3,300,621	-	-	5,242,442
Transfers out	(925,000)	(4,294,704)	(908,468)	(615,853)
Total other financing sources (uses)	<u>2,777,220</u>	<u>(4,294,704)</u>	<u>(908,468)</u>	<u>5,432,589</u>
Net change in cash fund balances	376,186	122,472	380,089	15,605
Cash Fund Balances				
Beginning of year	<u>11,327,680</u>	<u>2,593,160</u>	<u>2,722,343</u>	<u>2,240,716</u>
End of year	<u>\$ 11,703,866</u>	<u>\$ 2,715,632</u>	<u>\$ 3,102,432</u>	<u>\$ 2,256,321</u>

The Internal Service Fund is used by management to charge the costs of partial self-funding of the City's health insurance benefit plan to individual funds. The change in cash balance of the Internal Service Fund is included in governmental activities in the Cash Basis Statement of Activities and Net Position.

Change in cash basis net position of governmental activities.

Debt Service	Capital Projects			
Road Use Tax- Bond Reserve	Street Capital Projects (301)	Land and Facilities (304)	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 2,102,685	\$ 12,464,930
-	-	-	-	4,704,199
-	-	-	47,701	276,682
-	-	-	-	877,993
-	-	-	-	782,500
-	437,908	-	1,459,792	5,414,425
-	-	-	-	2,835,800
-	1	-	20,072	66,023
-	138,218	-	467,781	2,180,962
-	576,127	-	4,098,031	29,603,514
-	-	-	-	2,340,744
-	-	-	-	5,194,385
-	-	-	-	3,247,683
-	-	-	-	143,000
-	-	-	-	1,599,366
-	-	-	-	5,515,557
-	-	-	-	5,832,943
-	-	-	-	1,102,204
-	-	-	68,234	103,857
-	-	-	-	532,117
-	5,873,389	4,334,306	-	10,954,184
-	-	-	346,531	1,098,061
-	5,873,389	4,334,306	414,765	37,664,101
-	(5,297,262)	(4,334,306)	3,683,266	(8,060,587)
-	-	-	-	71,531
-	11,625,222	961,824	784,269	14,177,315
-	696,823	-	-	696,823
-	-	-	-	330,068
-	1,102,032	900,000	25,000	10,570,095
-	-	-	(2,683,980)	(9,428,005)
-	13,424,077	1,861,824	(1,874,711)	16,417,827
-	8,126,815	(2,472,482)	1,808,555	8,357,240
149,740	(7,884,125)	(13,466)	1,770,067	12,906,115
\$ 149,740	\$ 242,690	\$ (2,485,948)	\$ 3,578,622	\$ 21,263,355
				\$ 161,110
				\$ 21,424,465

**City of North Liberty
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances
Governmental Funds
Year Ended June 30, 2023**

	General Fund	Special Revenue		Debt Service
		Urban Renewal Tax Increment (125)	Road Use Tax (110)	General Obligation Debt Service (200)
Cash Basis Fund Balances				
Restricted for				
Street operations	\$ -	\$ -	\$ 3,102,432	\$ -
Urban renewal purposes	-	2,715,632	-	-
Urban renewal projects	-	-	-	-
Escrow deposits	-	-	-	-
Debt service	-	-	-	2,256,321
Hotel/motel tax	102,128	-	-	-
Tree purchases	5,056	-	-	-
Police capital equipment purchases	29,464	-	-	-
Park development	813,751	-	-	-
Housing rehabilitation	21,246	-	-	-
Future grant expenditures	-	-	-	-
Assigned for				
Capital equipment purchases	1,228,897	-	-	-
Capital projects	3,686,995	-	-	-
Computer revolving	11,158	-	-	-
IT and cyber security	148,881	-	-	-
Unassigned	5,656,290	-	-	-
Total cash fund balances	<u>\$ 11,703,866</u>	<u>\$ 2,715,632</u>	<u>\$ 3,102,432</u>	<u>\$ 2,256,321</u>

Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Cash Basis Statement of Activities and Net Position - Governmental Funds.

The Internal Service Fund is used by management to charge the costs of partial self-funding of the City's health insurance benefit plan to individual funds. The cash balance of the Internal Service Fund is included in governmental activities in the Cash Basis Statement of Activities and Net Position.

Cash basis net position of governmental activities.

<u>Debt Service</u>	<u>Capital Projects</u>				
Road Use Tax - Bond Reserve	Street Capital Projects (301)	Land and Facilities (304)	Other Governmental Funds	Total Governmental Funds	
\$ -	\$ -	\$ -	\$ -	\$ 3,102,432	
-	-	-	-	2,715,632	
-	-	-	614,125	614,125	
-	-	-	382,464	382,464	
149,740	-	-	-	2,406,061	
-	-	-	-	102,128	
-	-	-	-	5,056	
-	-	-	539	30,003	
-	-	-	-	813,751	
-	-	-	-	21,246	
-	-	-	2,372,612	2,372,612	
-	-	-	-	1,228,897	
-	242,690	-	218,974	4,148,659	
-	-	-	-	11,158	
-	-	-	-	148,881	
-	-	(2,485,948)	(10,092)	3,160,250	
<u>\$ 149,740</u>	<u>\$ 242,690</u>	<u>\$ (2,485,948)</u>	<u>\$ 3,578,622</u>	<u>\$ 21,263,355</u>	

\$ 161,110

\$ 21,424,465

City of North Liberty
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances -
Proprietary Funds
Year Ended June 30, 2023

	Enterprise Funds			Total	Internal Service
	Water (600- 605)	Sewer (610- 614)	Storm Water Management (740-741)		Heath and Dental Insurance (820, 821)
Operating Receipts					
Charges for services	\$ 4,602,339	\$ 5,355,042	\$ 230,155	\$ 10,187,536	\$ 530,368
Miscellaneous	161,843	11,331	408	173,582	-
Total operating receipts	<u>4,764,182</u>	<u>5,366,373</u>	<u>230,563</u>	<u>10,361,118</u>	<u>530,368</u>
Operating Disbursements					
Public safety	-	-	-	-	105,924
Public works	-	-	-	-	28,184
Culture and recreation	-	-	-	-	83,587
General government	-	-	-	-	32,649
Community and economic development	-	-	-	-	19,664
Business type activities	2,477,732	2,342,636	196,905	5,017,273	99,250
Total operating disbursements	<u>2,477,732</u>	<u>2,342,636</u>	<u>196,905</u>	<u>5,017,273</u>	<u>369,258</u>
Excess of operating receipts over operating disbursements	2,286,450	3,023,737	33,658	5,343,845	161,110
Nonoperating Receipts (Disbursements)					
Interest on investments	19,480	33,430	404	53,314	-
Debt service	(1,503,591)	(1,758,946)	-	(3,262,537)	-
Capital projects	(53,347)	(368,833)	(252,459)	(674,639)	-
Total nonoperating receipts (disbursements)	<u>(1,537,458)</u>	<u>(2,094,349)</u>	<u>(252,055)</u>	<u>(3,883,862)</u>	<u>-</u>
Excess of receipts over disbursements	<u>748,992</u>	<u>929,388</u>	<u>(218,397)</u>	<u>1,459,983</u>	<u>161,110</u>
Other Financing Sources (Uses)					
Insurance proceeds	-	150,559	-	150,559	-
Proceeds from sale of capital asset	-	40,000	-	40,000	-
Bond proceeds	-	4,210,167	-	4,210,167	-
Transfers in	-	-	200,000	200,000	-
Transfers out	(477,275)	(790,423)	(74,392)	(1,342,090)	-
Total other financing sources (uses)	<u>(477,275)</u>	<u>3,610,303</u>	<u>125,608</u>	<u>3,258,636</u>	<u>-</u>
Change in cash balances	\$ 271,717	\$ 4,539,691	\$ (92,789)	\$ 4,718,619	\$ 161,110
Cash Balances					
Beginning of year	<u>4,024,141</u>	<u>3,529,243</u>	<u>196,864</u>	<u>7,750,248</u>	<u>-</u>
End of year	<u>\$ 4,295,858</u>	<u>\$ 8,068,934</u>	<u>\$ 104,075</u>	<u>\$ 12,468,867</u>	<u>\$ 161,110</u>
Cash Basis Fund Balances					
Restricted for					
Debt service	\$ 1,367,080	\$ 777,343	\$ -	\$ 2,144,423	\$ -
Capital projects	643,722	2,115,502	176,683	2,935,907	-
Utility deposits	243,513	-	-	243,513	-
Unrestricted	<u>2,041,543</u>	<u>5,176,089</u>	<u>(72,608)</u>	<u>7,145,024</u>	<u>161,110</u>
Total cash basis fund balances	<u>\$ 4,295,858</u>	<u>\$ 8,068,934</u>	<u>\$ 104,075</u>	<u>\$ 12,468,867</u>	<u>\$ 161,110</u>

See notes to basic financial statements.

City of North Liberty
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of North Liberty, Iowa is a political subdivision of the State of Iowa located in Johnson County. It was first incorporated in 1913 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 nonpartisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, utilities, and general government services.

A. Reporting Entity and Jointly Governed Organizations

For financial reporting purposes, the City of North Liberty, Iowa has included all funds, organizations, agencies, boards, commissions, and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic 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 or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

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 not ongoing financial interest or responsibility by the participating governments. The City and its officials are members of various jointly governed organizations, including the Johnson County Assessors Conference Board, Johnson County Joint E911 Service Board, Metropolitan Planning Organization of Johnson County, East Central Iowa Council of Governments, and the Johnson County Compensation Board.

B. Basis of Presentation

Government-wide Financial Statement – The Cash Basis Statement of Activities and Net Position reports information on all of the 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 services.

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

Non-Expendable Restricted Net Position is subject to externally imposed stipulations which requires the cash balances to be maintained permanently by the City, including customer utility deposits.

Expendable Restricted Net Position results when constraints placed on the use of cash balances is either externally imposed or imposed by law through constitutional provisions or enabling legislation.

City of North Liberty
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

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 basic 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:

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

Special Revenue:

Urban Renewal Tax Increment Fund – This fund is used to account for urban renewal projects and repayment of general obligation debt attributable to urban renewal purposes financed by tax increment financing collections.

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

Debt Service:

Debt Service Fund – General Obligation Debt Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

Debt Service Fund – Road Use Tax Bond Reserve Fund is utilized to account for the required reserve fund that must be maintained in accordance with the terms of the City's road use tax revenue bond.

City of North Liberty
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Capital Projects:

Street Capital Projects Fund – This fund is used to account for improvements to other streets within the City.

Land and Facilities Fund – This fund is used to account for improvements to city owned land and facilities.

The City reports the following major proprietary funds:

Water Enterprise Fund – This fund accounts for the operation and maintenance of the City's water system.

Sewer Enterprise Fund – This fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

Storm Water Management Enterprise Fund – This fund accounts for the operation and maintenance of the City's storm sewer system.

The City also reports the following proprietary fund:

Internal Service Fund – This fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the basic 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 basic financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally expected in the United States of America.

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

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

City of North Liberty
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

D. Governmental Cash Basis Fund Balances

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.

Committed – Amounts that have been approved by the City Council in the adopted budget or through other appropriate measures like approving additional expenditures for a capital project or purchase.

Assigned – Amounts which the City Council or City Administrator designates to use for future projects or equipment purchases.

Unassigned – All amounts not included in the preceding classifications.

The City shall maintain a minimum unassigned general fund balance of 25% and a maximum of 30% of the following year's revenue budget amount to be used for cash flow purposes unanticipated expenditures of a non-recurring nature, or to meet unexpected increase in service delivery costs.

E. Budgets and Budgetary Accounting

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

F. Property Tax and Calendar

The City's property tax rates were extended against the assessed valuation of the City as of January 1, 2021, to compute the amounts which became liens on property on July 1, 2022. These taxes were due and payable in two installments on September 30, 2022 and March 31, 2023, at the Johnson County Treasurer's offices. These taxes are recognized as income to the City when they are received from the County.

NOTE 2 – CASH AND POOLED INVESTMENTS

The City's deposits in banks and credit unions 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 insure there will be no loss of public funds.

City of North Liberty
Notes to Basic Financial Statements

NOTE 2 – CASH AND POOLED INVESTMENTS (CONTINUED)

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City does not have any investments that are subject to fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*.

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 uses of the City.

Custodial Credit Risk – Deposits: The City has a policy to only make deposits in the State of Iowa where deposits are covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the *Code of Iowa*. 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 insure there will be no loss of public funds. The City also has deposits in a credit union, the deposits in excess of federal depository insurance were covered by a letter of credit that exceeded 110% of the uninsured amount. The City had \$7,949,278 in certificates of deposit and \$25,944,054 in checking and savings accounts at June 30, 2023.

NOTE 3 – BONDS AND NOTES PAYABLE

Annual debt service requirements to maturity for general obligation notes, general obligation bonds, and revenue bonds of the City are as follows.

Year Ending June 30,	G.O. Bonds and Notes		Road Use Tax Revenue Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 5,960,000	\$ 1,280,061	\$ 130,000	\$ 15,570
2025	5,790,000	1,148,771	135,000	12,190
2026	5,555,000	1,015,121	140,000	8,410
2027	4,215,000	885,571	145,000	4,350
2028	4,035,000	781,402	-	-
2029-2033	17,070,000	2,444,630	-	-
2034-2038	6,910,000	708,190	-	-
2039	735,000	29,400	-	-
Total	\$ 50,270,000	\$ 8,293,146	\$ 550,000	\$ 40,520

City of North Liberty
Notes to Basic Financial Statements

NOTE 3 – BONDS AND NOTES PAYABLE (CONTINUED)

Year Ending June 30,	Enterprise Fund Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
2024	\$ 2,345,000	\$ 626,305	\$ 8,435,000	\$ 1,921,936
2025	2,750,154	580,639	8,675,154	1,741,600
2026	2,810,000	527,039	8,505,000	1,550,570
2027	2,754,000	471,828	7,114,000	1,361,749
2028	2,867,840	418,893	6,902,840	1,200,295
2029-2033	13,934,000	1,483,316	31,004,000	3,927,946
2034-2037	11,895,000	437,388	18,805,000	1,145,578
Total	<u>\$ 39,355,994</u>	<u>\$ 4,545,408</u>	<u>\$ 90,175,994</u>	<u>\$ 12,879,074</u>

A. General Obligation Urban Renewal Corporate Purpose (Tax Increment Financing) Bonds

The City has issued several general obligation urban renewal corporate purpose (tax increment financing) bonds for the purpose of defraying a portion of the costs of various construction and refurbishment projects within the City's urban renewal districts. Portions of certain other issued general obligation bonds were for the same purposes. The bonds are payable in part, or in full, from the tax increment financing (TIF) receipts generated by increased property values in the City's TIF districts and which are credited to the Special Revenue - Urban Renewal Tax Increment Fund in accordance with Chapter 403.19 of the *Code of Iowa*. TIF receipts are generally projected to produce 100 percent of the debt service requirements over the life of the bonds. The proceeds from the sales of the bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal areas. The bonds are not a general obligation of the City, however, the debt is subject to the constitutional debt limitation of the City. At June 30, 2023, the outstanding amounts on these bonds totaled approximately \$11,700,000, which are payable through June 1, 2032. Total interest remaining payable on the bonds at June 30, 2023, was approximately \$1,138,568. During the year, principal and interest paid on these bonds totaled approximately \$2,225,000 and \$321,691, respectively. Tax increment financing receipts during the year were \$4,704,199.

B. Revenue Bonds

The City has pledged future water customer receipts, net of specified operating disbursements, to repay two outstanding water revenue bond issues totaling \$18,058,154. The bonds were issued between November 2012 and October 2020. Proceeds from the sales of the bonds provided financing for the construction of several water system improvement projects in the City and to refinance the 2008 water revenue bonds. The bonds are payable solely from water customer defined net receipts and are payable through June 2037. Annual principal and interest payments on the bonds are expected to require less than 64 percent of defined net receipts. At June 30, 2023, total principal and interest remaining to be paid on the bonds was \$20,533,429. Principal and interest paid on all bonds totaled \$1,115,000 and \$341,283, respectively. Total defined water operating net receipts during the year were \$2,295,734.

City of North Liberty
Notes to Basic Financial Statements

NOTE 3 – BONDS AND NOTES PAYABLE (CONTINUED)

B. Revenue Bonds (Continued)

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay four outstanding sewer revenue bond issues totaling \$21,297,840. The bonds were issued between August 2007 and October 2020. Proceeds from the sales of the bonds provided financing for the construction of and improvements to the wastewater treatment plant and for soil quality restoration projects. The bonds are payable solely from sewer customer defined net receipts and are payable through June 2037. Annual principal and interest payments on the bonds are expected to require 54 percent of defined net receipts. At June 30, 2023, total principal and interest remaining to be paid on the bonds was \$23,367,973. Principal and interest paid on all bonds totaled \$1,398,000 and \$304,030, respectively. Total defined sewer operating net receipts during the year were \$3,198,042.

The resolutions providing for the issuance of the enterprise fund revenue notes and bonds include the following provisions:

- The notes and bonds will only be redeemed from the future earnings of the enterprise activity and the note and bond holders hold a lien on the future earnings of the funds.
- Sufficient monthly cash transfers shall be made to separate sewer and water revenue sinking accounts for the purpose of making the principal and interest payments when due.
- The provisions of the Water Revenue Refunding Bond Series 2014B require that \$541,255 be set aside into the Water Reserve Fund and maintained until all water revenue bonds of the City have been fully redeemed.

The provisions of the Sewer Revenue Refunding Bond Series 2014A require that \$307,105 be set aside into the Sewer Reserve Fund and maintained until all sewer revenue bonds of the City have been fully redeemed.

- All funds remaining in the sewer rental and water utilities accounts after the payments of all maintenance and operating expenses and required transfers shall be placed in separate water and sewer revenue surplus accounts. These accounts are restricted for the purpose of paying any deficiency in the sinking funds. As long as the sinking funds have the full amount required to be deposited, any balance in the surplus funds may be made available to the City as the Council may from time to time direct.
- User rates shall be established at a level which produces and maintains defined net receipts at the following levels:

Water – equal to at least 120% of the average amount that will come due in any fiscal year during the life of the water revenue bond issues and only during years in which water revenue bonds not funded by the State Revolving Fund are outstanding.

City of North Liberty
Notes to Basic Financial Statements

NOTE 3 – BONDS AND NOTES PAYABLE (CONTINUED)

B. Revenue Bonds (Continued)

Sewer – equal to at least 125% of the average amount that will come due in any fiscal year during the life of the sewer revenue bond issues, and equal to at least 125% of the maximum amount that will come due in any fiscal year during the life of the sewer revenue bonds. On and after June 1, 2026, these percentages decrease to 110% for all outstanding sewer revenue bond issues.

Interest Rate Reduction

On October 24, 2017, the City Council approved a resolution providing for the reduction of the interest rate on the 2007 sewer revenue bonds from 3.00% to 1.75% effective December 1, 2017. The estimated interest savings due to the interest rate reduction is \$325,144.

The City has pledged future road use tax receipts to repay one road use tax revenue bond issue totaling \$1,815,000. The bonds were issued in March 2012. Proceeds from the sale of the bonds provided financing to pay for a portion of the construction costs of the public works/streets department facility. The bonds are payable solely from future road use tax receipts and are payable through June 2027. At June 30, 2023, total principal and interest remaining to be paid on the bonds was \$590,520. During the year, principal and interest paid on the bonds totaled \$130,000 and \$18,690, respectively.

C. Rural Economic Development Loan

During the year ended June 30, 2013, the City received a Rural Economic Development Loan of \$360,000 from Linn County Rural Electric Cooperative Association to provide funds for construction of a portion of the library expansion project. The loan is dated May 8, 2013, and has an interest rate of 0%. The loan is due in annual installments of \$36,000 beginning May 8, 2015, and continuing annually thereafter until final payment on May 8, 2022. There is an annual administrative fee of 1% based on the outstanding principal balance. During the year ended June 30, 2023, \$36,000 was paid on the loan and the balance of the loan at June 30, 2023, was \$36,000, which will mature in the year ended June 30, 2024.

NOTE 4 – PENSION PLAN

A. Plan Description

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

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

City of North Liberty
Notes to Basic Financial Statements

NOTE 4 – PENSION PLAN (CONTINUED)

B. Pension Benefits

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

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

Protection occupation members may retire at normal retirement age, which is generally age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate protection occupation member's monthly IPERS benefits include:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but no more than 30 years of services.
- The member's highest three-year average salary.

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

C. 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.

City of North Liberty
Notes to Basic Financial Statements

NOTE 4 – PENSION PLAN (CONTINUED)

D. Contributions

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

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

The City's contributions to IPERS for the year ended June 30, 2023, totaled \$879,622.

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

At June 30, 2023, the City reported a liability of \$1,874,485 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 contribution to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the City's proportion was 0.066800%, which was an increase of 0.004670% from its proportion measured as of June 30, 2021. At June 30, 2022, the City's Protection occupations proportion was 0.564130%, which was an increase of 0.031440% from 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 (\$78,061), \$1,237,486, and \$620,869, respectively.

There were no non-employer contributing entities to IPERS.

City of North Liberty
Notes to Basic Financial Statements

NOTE 4 – PENSION PLAN (CONTINUED)

F. 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
Rate 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 2.6% inflation and 0.65% real wage inflation.

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

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0 %	3.57 %
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.70
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>	

City of North Liberty
Notes to Basic Financial Statements

NOTE 4 – PENSION PLAN (CONTINUED)

G. Discount Rate

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

H. 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 calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 5,158,897	\$ 1,874,485	\$ (1,015,080)

I. IPERS Fiduciary Net Position

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

NOTE 5 – COMPENSATED ABSENCES

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

Type of Benefit	Amount
Compensatory time	\$ 29,088
Sick leave	125,394
Vacation	509,076
Total	\$ 663,558

This liability has been computed based on rates of pay as of June 30, 2023.

Sick leave is payable when used. Upon retirement, a percentage of unused sick pay is paid out to the retiree. It is not paid upon termination or death.

City of North Liberty
Notes to Basic Financial Statements

NOTE 6 – SOLID WASTE DISPOSAL CONTRACT

An agreement between the City and Johnson County Refuse for the period July 1, 2018 through June 30, 2028, provides the City and its citizens with solid waste collection and disposal services. The agreement providing for the services includes the following provisions:

- The City shall pay the contractor a monthly charge (\$4.85 for each single and two-family dwelling unit.) These fees are for recyclables.
- The fees for non-recyclable wastes are based on the current Iowa City Landfill tipping fee schedule and are subject to change in the event landfill fees increase or decrease.
- The City shall pay the contractor a monthly charge for garbage collection services:
 1. \$7.65 for bi-weekly pickup of a 35-gallon container.
 2. \$12.65 for weekly pick up of a 35-gallon container.
 3. \$14.65 for weekly pickup of a 65-gallon container.

NOTE 7 – TRANSIT SERVICES CONTRACT

An agreement for the period July 1, 2013 through June 30, 2014, between the City and the City of Coralville, provides the City and its citizens with limited transit services. The agreement providing for these services includes the following provisions:

- The City shall pay the City of Coralville a monthly charge for the operating cost per hour for the number of hours of transit services provided each month.
- The City shall pay the City of Coralville for the amount the City of Coralville pays to Johnson County SEATS for paratransit services provided to citizens of the City of North Liberty.
- All fares collected shall be kept by the City of Coralville.
- The agreement will automatically be renewed on a year-to-year basis unless one party gives notice to the other party no later than November 1 in a given year of its intent to terminate the agreement.

NOTE 8 – CONSTRUCTION CONTRACTS

The City has entered into various contracts with construction and engineering services companies totaling approximately \$21,508,500 (final contract). The unpaid balances on June 30, 2023, totaled approximately \$7,981,805 (commitment), which will be paid as work on the projects progresses.

NOTE 9 – DEFICIT FUND BALANCES

The following Funds had deficit fund balances at June 30, 2023:

Fund	Amount
Major Funds	
Land and facilities	\$ (2,485,948)
Non-Major Governmental Funds	
Trail projects	(10,092)

City of North Liberty
Notes to Basic Financial Statements

NOTE 9 – DEFICIT FUND BALANCES (CONTINUED)

The deficit balances in these capital projects funds and accounts arose because project and construction costs were incurred prior to the availability of funds. These deficits will be eliminated with several sources of funds, but not limited to, proceeds from debt financing, grants, and available funds in the water and sewer enterprise funds and other general City funds.

NOTE 10 – RISK MANAGEMENT

The City of North Liberty 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.

NOTE 11 – LEASE LIABILITY

The City entered into a lease agreement effective July 1, 2021, to lease commercial space for the City administration office and Council chambers for the period July 1, 2021 to June 30, 2024. This agreement supersedes a lease agreement for similar facilities for the period from April 1, 2014 to June 30, 2021. Lease payments are due in six month intervals each January 15 and July 15. Lease expense for the year ended June 30, 2023, was \$216,097.

Annual debt service requirements to maturity for lease liabilities of the City are as follows:

<u>Year ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 217,640	\$ 4,940	\$ 222,580

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The City operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees, and their qualified beneficiaries. Group insurance benefits are established under *Iowa Code* Section 509A.13. The City finances the health benefit plan with Well mark on a pay-as-you-go basis. The most recent active member monthly premium costs for the City and the plan members are \$534 for single coverage, \$979 for employee/child coverage, \$979 for employee/spouse coverage and \$1,057 for family coverage. During the year ended June 30, 2023, the City contributed \$1,201,685, and plan members eligible for benefits contributed \$186,662 to the plan. At June 30, 2023, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**City of North Liberty
Notes to Basic Financial Statements**

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. OPEB Benefits

Employees of the City that are eligible to participate in the group health plan are eligible to continue coverage when a "qualifying event" would normally result in the loss of eligibility. "Qualifying events" are defined in the City's employee manual. Retirees and their beneficiaries under age 65 are required to pay the full cost for the continuing coverage. Continuing coverage is available until the employees and their beneficiaries attain age 65. The cost of the continuing coverage is the same as the cost for active employees, which results in an implicit rate subsidy.

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

Inactive employees or beneficiaries currently receiving benefits	-
Active employees	101
	101
Total	101

NOTE 13 – CONDUIT DEBT OBLIGATIONS

During the year ended June 30, 2020, the City issued a total of \$3,000,000 of Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of commercial facilities in the community. The outstanding principal amount on the bonds at June 30, 2023, totaled \$2,261,415. The bonds are secured by property purchased with the bond proceeds and are payable solely from payments received on the underlying mortgage loans, derived from rents payable by the tenants. The bond principal and interest do not constitute liabilities of the City, and neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

NOTE 14 – ECONOMIC DEVELOPMENT LOANS

The City entered into one economic development forgivable loan agreement with a local business entity during the year ended June 30, 2021. The loan proceeds to this entity are to be used to relocate the entity's operations within the City. Details of the loan agreement is as follows:

An agreement dated August 11, 2020, with Moxie Solar LLC, in the amount of \$50,000. This loan is forgivable if certain requirements are met. This forgivable loan will accrue interest at a rate of 4% and will be due, if not forgiven, on February 16, 2026.

NOTE 15 – TAX ABATEMENTS

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

City of North Liberty
Notes to Basic Financial Statements

NOTE 15 – TAX ABATEMENTS (CONTINUED)

A. 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, the City abated \$285,605 of property tax under the urban renewal and economic development projects.

B. Tax Abatements of Other Entities

During the year ended June 30, 2023, there were no agreements entered into by other entities that reduced property tax revenues of the City.

NOTE 16 – INTERFUND TRANSFERS

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

Transfers out	Transfers in						Total
	General	General Obligation Debt Service	Street Capital Capital Projects	Land and Facilities	Non-major Governmental Funds	Storm	
General	\$ -	\$ -	\$ -	\$ 900,000	\$ 25,000	\$ -	\$ 925,000
Tax Increment Finance	-	4,294,704	-	-	-	-	4,294,704
Road Use Tax	272,999	149,290	486,179	-	-	-	908,468
Debt Service	-	-	615,853	-	-	-	615,853
Non-major Governmental Funds	2,483,980	-	-	-	-	200,000	2,683,980
Water	233,225	244,050	-	-	-	-	477,275
Sewer	236,025	554,398	-	-	-	-	790,423
Storm Water Management	74,392	-	-	-	-	-	74,392
Total	<u>\$ 3,300,621</u>	<u>\$ 5,242,442</u>	<u>\$ 1,102,032</u>	<u>\$ 900,000</u>	<u>\$ 25,000</u>	<u>\$ 200,000</u>	<u>\$ 10,770,095</u>

Transfers above move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources or to assist in the funding of capital assets.

NOTE 17– CONTINGENT LIABILITIES

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

OTHER INFORMATION

City of North Liberty
Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances-
Budget and Actual (Cash basis) - All Governmental Funds and Proprietary Funds
Year Ended June 30, 2023

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts			
Property tax	\$ 12,741,612	\$ -	\$ 12,741,612
Tax increment financing	4,704,199	-	4,704,199
Other city tax	877,993	-	877,993
Licenses and permits	782,500	-	782,500
Use of money and property	66,023	53,314	119,337
Intergovernmental	5,414,425	-	5,414,425
Charges for services	2,835,800	10,187,536	13,023,336
Miscellaneous	2,180,962	173,582	2,354,544
Total receipts	<u>29,603,514</u>	<u>10,414,432</u>	<u>40,017,946</u>
Disbursements			
General government	2,340,744	-	2,340,744
Public safety	5,194,385	-	5,194,385
Public works	3,247,683	-	3,247,683
Health and social services	143,000	-	143,000
Culture and recreation	5,515,557	-	5,515,557
Community and economic development	1,599,366	-	1,599,366
Debt service	6,935,147	3,262,537	10,197,684
Capital outlay	12,688,219	674,639	13,362,858
Business type activities	-	5,017,273	5,017,273
Total disbursements	<u>37,664,101</u>	<u>8,954,449</u>	<u>46,618,550</u>
Excess (deficiency) of receipts over (under) disbursements	(8,060,587)	1,459,983	(6,600,604)
Other financing sources (uses), net	16,417,827	3,258,636	19,676,463
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	8,357,240	4,718,619	13,075,859
Balances beginning of year	<u>12,906,115</u>	<u>7,750,248</u>	<u>20,656,363</u>
Balances end of year	<u>\$ 21,263,355</u>	<u>\$ 12,468,867</u>	<u>\$ 33,732,222</u>

Budgeted Amounts		Final to
Original	Final	Total
		Variance
\$ 12,073,848	\$ 12,073,848	\$ 667,764
4,793,215	4,793,215	(89,016)
803,240	803,240	74,753
699,250	699,250	83,250
151,000	151,000	(31,663)
3,441,864	4,899,787	514,638
13,004,222	13,004,222	19,114
1,702,100	2,084,100	270,444
<u>36,668,739</u>	<u>38,508,662</u>	<u>1,509,284</u>
2,291,185	2,419,988	(79,244)
5,649,009	6,201,062	(1,006,677)
4,159,380	4,388,128	(1,140,445)
150,000	150,000	(7,000)
5,671,384	5,886,152	(370,595)
1,642,400	1,888,100	(288,734)
6,928,137	11,076,804	(879,120)
18,552,000	20,622,000	(7,259,142)
8,254,197	5,553,061	(535,788)
<u>53,297,692</u>	<u>58,185,295</u>	<u>(11,566,745)</u>
(16,628,953)	(19,676,633)	13,076,029
15,262,000	15,262,000	4,414,463
(1,366,953)	(4,414,633)	17,490,492
<u>10,555,679</u>	<u>10,100,684</u>	<u>10,555,679</u>
<u>\$ 9,188,726</u>	<u>\$ 5,686,051</u>	<u>\$ 28,046,171</u>

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City of North Liberty
Notes to Other Information – Budgetary Reporting

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. The 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 \$4,887,603. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2023, disbursements did not exceed budgeted amounts.

City of North Liberty
Schedule of the Primary Government's Proportionate
Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
For the Last Nine Years*
Other Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's Proportion of the net pension liability (asset)	0.066800%	0.062130%	0.062320%	0.059858%
City's Proportionate share of the net pension liability (asset)	\$ 1,874,485	\$ (1,747,741)	\$ 4,517,056	\$ 3,342,903
City's Covered employee payroll				
Regular	6,908,072	5,419,025	5,042,606	4,911,314
Protection occupation	<u>2,367,916</u>	<u>1,877,626</u>	<u>2,122,019</u>	<u>1,986,700</u>
Total	<u>\$ 9,275,988</u>	<u>\$ 7,296,651</u>	<u>\$ 7,164,625</u>	<u>\$ 6,898,014</u>
Proportionate share of the net pension liability (assets) as a percentage of covered payroll				
Regular	20.21%	-23.95%	63.05%	48.46%
Plan fiduciary net position as a percentage of the total pension liability	91.41%	100.81%	82.90%	85.45%

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

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.058680%	0.056538%	0.056470%	0.051521%	0.046738%
\$ 3,712,257	\$ 3,766,217	\$ 2,553,832	\$ 2,545,393	\$ 1,853,576
4,586,049	4,143,396	3,964,819	3,741,181	3,462,507
<u>1,758,335</u>	<u>1,403,042</u>	<u>1,263,298</u>	<u>1,143,311</u>	<u>997,332</u>
<u>\$ 6,344,384</u>	<u>\$ 5,546,438</u>	<u>\$ 5,228,117</u>	<u>\$ 4,884,492</u>	<u>\$ 4,459,839</u>

58.51%	67.90%	48.85%	52.11%	41.56%
83.62%	82.21%	81.82%	85.19%	87.61%

City of North Liberty
Schedule of the Primary Government's Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years
Other Information

	Fiscal Year				
	2023	2022	2021	2020	2019
Primary government (city)					
Statutorily required contribution					
Regular	\$ 599,932	\$ 533,550	\$ 476,022	\$ 463,628	\$ 432,923
Protection occupation	272,643	218,779	203,926	196,882	179,526
Total	<u>\$ 872,575</u>	<u>\$ 752,329</u>	<u>\$ 679,948</u>	<u>\$ 660,510</u>	<u>\$ 612,449</u>
Contributions in relation to the					
Statutorily required contribution					
Regular	\$ 599,932	\$ 533,550	\$ 476,022	\$ 463,628	\$ 432,923
Protection occupation	272,643	218,779	203,926	196,882	179,526
Total	<u>872,575</u>	<u>752,329</u>	<u>679,948</u>	<u>660,510</u>	<u>612,449</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll					
Regular	\$ 6,355,212	\$ 5,652,013	\$ 5,042,606	\$ 4,911,314	\$ 4,586,049
Protection occupation	2,928,496	2,349,936	2,122,019	1,986,700	1,758,335
Total	<u>\$ 9,283,708</u>	<u>\$ 8,001,948</u>	<u>\$ 7,164,625</u>	<u>\$ 6,898,014</u>	<u>\$ 6,344,384</u>
Contributions as a percentage of					
covered employee payroll					
Regular	9.44%	9.44%	9.44%	9.44%	8.93%
Protection occupation	9.31%	9.61%	9.91%	9.91%	10.21%

Fiscal Year				
2018	2017	2016	2015	2014
\$ 393,721	\$ 370,005	\$ 354,058	\$ 334,088	\$ 309,202
159,267	138,059	124,309	115,932	101,129
<u>\$ 552,988</u>	<u>\$ 508,064</u>	<u>\$ 478,367</u>	<u>\$ 450,020</u>	<u>\$ 410,331</u>
\$ 393,721	\$ 370,005	\$ 354,058	\$ 334,088	\$ 309,202
159,267	138,059	124,309	115,932	101,129
<u>552,988</u>	<u>508,064</u>	<u>478,367</u>	<u>450,020</u>	<u>410,331</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,413,845	\$ 4,143,396	\$ 3,964,819	\$ 3,741,181	\$ 3,462,507
1,618,562	1,403,042	1,263,298	1,143,311	997,332
<u>\$ 6,032,407</u>	<u>\$ 5,546,438</u>	<u>\$ 5,228,117</u>	<u>\$ 4,884,492</u>	<u>\$ 4,459,839</u>
8.92%	8.93%	8.93%	8.93%	8.93%
9.84%	9.84%	9.84%	10.14%	10.14%

City of North Liberty
Notes to Other Information – Pension Liability

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 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 North Liberty
Schedule 1
Combining Statement of Cash Receipts,
Disbursements, and Changes in Cash Fund
Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue		
	Employee Benefits (112)	Drug Task Force (10)	American Rescue Plan Act (014)
Receipts			
General property taxes	\$ 2,102,685	\$ -	\$ -
Commercial and industrial tax replacement	47,701	-	-
Intergovernmental	-	1,869	1,457,923
Use of money and property	-	32	-
Miscellaneous	-	-	-
Total receipts	2,150,386	1,901	1,457,923
Disbursements			
Capital outlay			
General government	-	-	68,234
Culture and recreation	-	-	-
Total disbursements	-	-	68,234
Excess of receipts over (under) disbursements	2,150,386	1,901	1,389,689
Other financing sources (uses)			
Proceeds from long-term debt, Net	-	-	-
Transfers in	-	-	-
Transfers out	(2,150,386)	(58,594)	(475,000)
Total other financing sources (uses)	(2,150,386)	(58,594)	(475,000)
Net change in cash fund balances	-	(56,693)	914,689
Cash Fund Balances			
Beginning of year	-	57,232	1,457,923
End of year	\$ -	\$ 539	\$ 2,372,612
Cash basis fund balances			
Restricted for			
Urban renewal projects	\$ -	\$ -	\$ -
Police capital equipment purchases	-	539	-
Escrow deposits	-	-	-
Future grant expenditures	-	-	2,372,612
Assigned for			
Capital projects	-	-	-
Unassigned	-	-	-
Total cash basis fund balance	\$ -	\$ 539	\$ 2,372,612

Capital Project

TIF Projects (302)	Escrow Funds (307)	Trail Projects (303)	Entryway Development (314)	Economic Development Projects (306)	Park Development (305)	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,102,685
-	-	-	-	-	-	47,701
-	-	-	-	-	-	1,459,792
20,040	-	-	-	-	-	20,072
-	382,464	-	-	59,889	25,428	467,781
<u>20,040</u>	<u>382,464</u>	<u>-</u>	<u>-</u>	<u>59,889</u>	<u>25,428</u>	<u>4,098,031</u>
-	-	-	-	-	-	68,234
-	-	31,640	-	-	314,891	346,531
-	-	<u>31,640</u>	<u>-</u>	<u>-</u>	<u>314,891</u>	<u>414,765</u>
20,040	382,464	(31,640)	-	59,889	(289,463)	3,683,266
-	-	121,447	-	-	662,822	784,269
-	-	-	-	-	25,000	25,000
-	-	-	-	-	-	(2,683,980)
-	-	<u>121,447</u>	<u>-</u>	<u>-</u>	<u>687,822</u>	<u>(1,874,711)</u>
20,040	382,464	89,807	-	59,889	398,359	1,808,555
474,956	-	(99,899)	-	59,240	(179,385)	1,770,067
<u>\$ 494,996</u>	<u>\$ 382,464</u>	<u>\$ (10,092)</u>	<u>\$ -</u>	<u>\$ 119,129</u>	<u>\$ 218,974</u>	<u>\$ 3,578,622</u>
\$ 494,996	\$ -	\$ -	\$ -	\$ 119,129	\$ -	\$ 614,125
-	-	-	-	-	-	539
-	382,464	-	-	-	-	382,464
-	-	-	-	-	-	2,372,612
-	-	-	-	-	218,974	218,974
-	-	(10,092)	-	-	-	(10,092)
<u>\$ 494,996</u>	<u>\$ 382,464</u>	<u>\$ (10,092)</u>	<u>\$ -</u>	<u>\$ 119,129</u>	<u>\$ 218,974</u>	<u>\$ 3,578,622</u>

**City of North Liberty
Schedule 2
Schedule of Indebtedness
Year Ended June 30, 2023**

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year
General obligation bonds				
Urban Renewal Library Improvement Refunding	11/12/2012	0.35-1.70	\$ 1,815,000	\$ 195,000
Corporate Purpose	7/1/2013	0.35-2.15	2,540,000	270,000
Urban Renewal Corporate Purpose	11/5/2013	2.00-2.40	1,425,000	315,000
Corporate Purpose	11/5/2013	2.00-2.40	3,540,000	785,000
Corporate Purpose	10/30/2014	2.00	3,090,000	990,000
Corporate Purpose	10/8/2015	2.00	9,965,000	3,685,000
Corporate Purpose and Refunding	4/27/2017	3.00	4,435,000	1,625,000
Urban Renewal Corporate Purpose and Refunding	5/9/2017	2.00-2.50	7,980,000	3,385,000
Urban Renewal Corporate Purpose	10/15/2018	3.00-3.15	4,595,000	3,565,000
Urban Renewal Corporate Purpose	9/17/2019	2.00	8,010,000	5,995,000
Corporate Purpose	7/8/2020	2.00	10,160,000	9,280,000
Corporate Purpose	8/17/2021	1.00-1.65	7,270,000	7,270,000
Corporate Purpose	7/26/2022	3.00	9,135,000	-
Corporate Purpose	5/9/2023	4.00	9,435,000	-
Total				<u>\$ 37,360,000</u>
Rural Economic Development Loan and Grant Program				
Rural Economic Development Loan	5/8/2013	0%	360,000	<u>\$ 72,000</u>
Road Use Tax Revenue Bonds				
Road Use Tax Series 2012A	3/29/2012	2.00-3.00%	1,815,000	<u>\$ 680,000</u>
Revenue bonds				
Sewer Revenue Bonds Series 2007	8/23/2007	(a) 3.00/1.75	5,271,000	\$ 2,749,000
Sewer Revenue Bonds Series 2008A	7/30/2008	3.00	3,250,000	1,116,000
Sewer Revenue Bonds Series 2008C	9/15/2008	2.75-4.40	1,550,000	140,000
Sewer Revenue Refunding Bond Series 2014A	4/23/2014	2.00-3.00	1,315,000	390,000
Water Revenue Refunding Bond Series 2014B	4/23/2014	2.00-3.05	1,210,000	440,000
Sewer Revenue Improvement and Refunding Bond Series 2016	10/7/2016	1.20	22,337,000	18,300,840
Water Revenue Improvement Bond Series 2017	2/24/2017	1.75	22,072,000	18,523,154
Water Revenue Refunding Bond Series 2017C	4/27/2017	2.00-2.25	1,190,000	210,000
Total				<u>\$ 41,868,994</u>

(a) The interest rate on this bond was reduced to 1.75% on December 1, 2017.

Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
\$ -	\$ 195,000	\$ -	\$ 3,315
-	270,000	-	5,805
-	155,000	160,000	7,328
-	385,000	400,000	18,263
-	325,000	665,000	19,800
-	890,000	2,795,000	73,700
-	425,000	1,200,000	48,750
-	455,000	2,930,000	72,181
-	360,000	3,205,000	108,033
-	830,000	5,165,000	119,900
-	885,000	8,395,000	185,600
-	485,000	6,785,000	83,308
9,135,000	-	9,135,000	221,524
9,435,000	-	9,435,000	-
<u>\$ 18,570,000</u>	<u>\$ 5,660,000</u>	<u>\$ 50,270,000</u>	<u>\$ 967,507</u>
<u>\$ -</u>	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>\$ 4,000</u>
<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ 550,000</u>	<u>\$ 18,690</u>
\$ -	\$ 459,000	\$ 2,290,000	\$ 48,108
-	171,000	945,000	19,530
-	140,000	-	6,160
-	125,000	265,000	10,623
-	105,000	335,000	12,403
-	503,000	17,797,840	219,610
-	800,000	17,723,154	324,155
-	210,000	-	4,725
<u>\$ -</u>	<u>\$ 2,513,000</u>	<u>\$ 39,355,994</u>	<u>\$ 645,314</u>

**City of North Liberty
Schedule 3
Bond and Note Maturities
Year Ended June 30, 2023**

Year Ending June 30,	General Obligation Bonds					
	Corporate Purpose		Corporate Purpose		Corporate Purpose	
	Issued Nov 5, 2013		Issued Nov 5, 2013		Issued Oct 30, 2014	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2024	2.40	\$ 160,000	2.40	\$ 400,000	2.00	\$ 330,000
2025		-		-	2.00	335,000
2026		-		-		-
2027		-		-		-
2028		-		-		-
2029		-		-		-
Total		<u>\$ 160,000</u>		<u>\$ 400,000</u>		<u>\$ 665,000</u>

Year Ending June 30,	General Obligation Bonds					
	Urban Renewal		Urban Renewal		Corporate Purpose	
	Issued October 15, 2018		Issued September 17, 2019		Issued July 8, 2020	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2024	3.00	\$ 365,000	2.00	\$ 845,000	2.00	\$ 890,000
2025	3.00	375,000	2.00	870,000	2.00	900,000
2026	3.00	385,000	2.00	880,000	2.00	910,000
2027	3.00	395,000	2.00	410,000	2.00	915,000
2028	3.00	405,000	2.00	415,000	2.00	930,000
2029	3.00	415,000	2.00	425,000	2.00	945,000
2030	3.10	430,000	2.00	430,000	2.00	955,000
2031	3.15	435,000	2.00	440,000	2.00	970,000
2032		-	2.00	450,000	2.00	980,000
2033		-		-		-
2034		-		-		-
2035		-		-		-
2036		-		-		-
2037		-		-		-
2038		-		-		-
2039		-		-		-
Total		<u>\$ 3,205,000</u>		<u>\$ 5,165,000</u>		<u>\$ 8,395,000</u>

Year Ending June 30,	Rural Economic Development Loan and Grant Program		Road Use Tax Revenue Bonds	
	Rural Economic Development		Issued Mar 29, 2012	
	Issued May 8, 2013		Issued Mar 29, 2012	
	Interest Rates	Amount	Interest Rates	Amount
2024	0.00	\$ 36,000	2.60	\$ 130,000
2025		-	2.80	135,000
2026		-	2.90	140,000
2027		-	3.00	145,000
Total		<u>\$ 36,000</u>		<u>\$ 550,000</u>

General Obligation Bonds

Corporate Purpose Issued Oct 8, 2015		Corporate Purpose Issued Apr 27, 2017		Corporate Purpose Issued May 9, 2017	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2.00	\$ 910,000	3.00	\$ 445,000	2.00	\$ 460,000
2.00	930,000	3.00	245,000	2.00	470,000
2.00	955,000	3.00	250,000	2.00	480,000
	-	3.00	260,000	2.125	495,000
	-		-	2.25	505,000
	-		-	2.50	520,000
	<u>\$ 2,795,000</u>		<u>\$ 1,200,000</u>		<u>\$ 2,930,000</u>

General Obligation Bonds

Corporate Purpose Issued August 17, 2021		Corporate Purpose Issued July, 26 2022		Corporate Purpose Issued April 25, 2023		Total
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
1.00	\$ 490,000	3.00	\$ 665,000	4.00	\$ -	\$ 5,960,000
1.00	495,000	3.00	680,000	4.00	490,000	5,790,000
1.00	495,000	3.00	695,000	4.00	505,000	5,555,000
1.00	500,000	3.00	710,000	4.00	530,000	4,215,000
1.00	510,000	3.00	725,000	4.00	545,000	4,035,000
1.00	515,000	3.00	740,000	4.00	570,000	4,130,000
1.00	520,000	3.00	760,000	4.00	595,000	3,690,000
1.10	535,000	3.00	785,000	4.00	615,000	3,780,000
1.15	540,000	3.00	810,000	4.00	640,000	3,420,000
1.25	550,000	3.00	830,000	4.00	670,000	2,050,000
1.35	560,000	3.00	855,000	4.00	690,000	2,105,000
1.45	350,000	3.00	880,000	4.00	720,000	1,950,000
1.55	360,000		-	4.00	750,000	1,110,000
1.65	365,000		-	4.00	675,000	1,040,000
	-		-	4.00	705,000	705,000
	-		-	4.00	735,000	735,000
	<u>\$ 6,785,000</u>		<u>\$ 9,135,000</u>		<u>\$ 9,435,000</u>	<u>\$ 50,270,000</u>

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City of North Liberty
Schedule 3
Bond and Note Maturities
Year Ended June 30, 2023

Year Ending June 30,	Enterprise Revenue Bonds					
	Sewer Revenue Series 2007		Sewer Revenue Series 2008A		Sewer Refunding Series 2014A	
	Issued Aug 23, 2007		Issued Jul 30, 2008		Issued Apr 23, 2014	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2024	1.75	\$ 475,000	3.00	\$ 177,000	2.70	\$ 130,000
2025	1.75	486,000	3.00	183,000	3.00	135,000
2026	1.75	654,000	3.00	189,000	-	-
2027	1.75	675,000	3.00	195,000	-	-
2028	-	-	3.00	201,000	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
Total		<u>\$ 2,290,000</u>		<u>\$ 945,000</u>		<u>\$ 265,000</u>

Year Ending June 30,	Enterprise Revenue Bonds						Total
	Water Refunding Series 2014B		Sewer Improvement Series 2016		Water Improvements Series 2017		
	Issued Apr 23, 2014		Issued Oct. 7 2016		Issued Feb. 24, 2017		
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2024	2.70	\$ 110,000	1.20	\$ 653,000	1.75	\$ 800,000	\$ 2,345,000
2025	3.00	110,000	1.20	666,000	1.75	1,170,154	2,750,154
2026	3.05	115,000	1.20	661,000	1.75	1,191,000	2,810,000
2027	-	-	1.20	672,000	1.75	1,212,000	2,754,000
2028	-	-	1.20	1,433,840	1.75	1,233,000	2,867,840
2029	-	-	1.20	1,452,000	1.75	1,255,000	2,707,000
2030	-	-	1.20	1,469,000	1.75	1,277,000	2,746,000
2031	-	-	1.20	1,487,000	1.75	1,299,000	2,786,000
2032	-	-	1.20	1,505,000	1.75	1,322,000	2,827,000
2033	-	-	1.20	1,523,000	1.75	1,345,000	2,868,000
2034	-	-	1.20	1,541,000	1.75	1,368,000	2,909,000
2035	-	-	1.20	1,560,000	1.75	1,392,000	2,952,000
2036	-	-	1.20	1,578,000	1.75	1,417,000	2,995,000
2037	-	-	1.20	1,597,000	1.75	1,442,000	3,039,000
Total		<u>\$ 335,000</u>		<u>\$ 17,797,840</u>		<u>\$ 17,723,154</u>	<u>\$ 39,355,994</u>

City of North Liberty
Schedule 4
Schedule of Receipts by Source
and Disbursements by Function - All Governmental Funds
For the Last Ten Years

	2023	2022	2021	2020
Receipts				
Property tax	\$ 12,741,612	\$ 12,314,574	\$ 11,137,023	\$ 10,650,663
Tax increment financing	4,704,199	5,409,401	5,987,424	4,778,458
Other city tax	877,993	887,732	724,704	612,161
Licenses and permits	782,500	610,328	519,717	298,270
Use of money and property	66,023	26,557	21,829	39,187
Intergovernmental	5,414,425	6,626,226	3,585,606	4,831,972
Charges for services	2,835,800	2,686,513	2,039,073	2,296,487
Special assessments	-	-	-	-
Miscellaneous	2,180,962	1,141,951	773,139	1,279,840
Total	\$ 29,603,514	\$ 29,703,282	\$ 24,788,515	\$ 24,787,038
Disbursements				
Operating				
General government	\$ 2,340,744	\$ 2,245,702	\$ 1,980,895	\$ 1,942,074
Public safety	5,194,385	4,776,934	4,237,738	3,887,780
Public works	3,247,683	3,232,860	3,021,471	2,906,043
Health and social services	143,000	260,000	140,929	117,716
Culture and recreation	5,515,557	4,894,183	3,828,295	4,106,997
Community and economic development	1,599,366	2,145,838	1,917,325	1,877,902
Debt service	6,935,147	6,225,710	6,022,038	8,898,724
Capital projects	12,688,219	12,270,540	7,410,437	13,033,299
Total	\$ 37,664,101	\$ 36,051,767	\$ 28,559,128	\$ 36,770,535

2019	2018	2017	2016	2015	2014
\$ 10,228,659	\$ 9,161,827	\$ 8,495,238	\$ 7,583,031	\$ 6,861,247	\$ 6,127,781
4,386,319	4,074,528	4,389,642	4,509,489	3,918,081	3,518,713
537,488	327,429	335,049	360,492	341,057	311,708
404,875	575,399	389,066	478,562	552,067	507,326
47,046	221,892	182,754	159,353	149,029	143,887
6,648,076	3,931,853	3,353,878	3,889,968	2,136,378	2,152,197
2,608,668	1,943,556	2,556,384	1,893,581	2,219,792	1,674,579
-	-	-	-	-	1,067
235,649	1,145,670	355,213	471,339	390,306	647,785
<u>\$ 25,096,780</u>	<u>\$ 21,382,154</u>	<u>\$ 20,057,224</u>	<u>\$ 19,345,815</u>	<u>\$ 16,567,957</u>	<u>\$ 15,085,043</u>
\$ 1,777,026	\$ 1,724,903	\$ 1,464,069	\$ 1,591,679	\$ 1,537,711	\$ 1,293,854
3,668,831	3,498,753	3,177,706	2,836,301	2,563,426	2,315,057
2,688,011	1,981,066	1,788,477	1,626,565	1,511,077	1,424,544
111,011	110,725	103,500	105,350	98,207	97,000
4,151,007	3,931,551	3,792,817	3,593,454	3,458,203	3,208,940
1,812,636	1,859,840	1,723,266	1,647,664	1,166,131	898,262
5,291,567	4,899,061	5,309,615	4,831,259	4,528,242	4,168,095
13,438,638	10,035,175	8,882,559	8,023,964	4,181,863	5,468,736
<u>\$ 32,938,727</u>	<u>\$ 28,041,074</u>	<u>\$ 26,242,009</u>	<u>\$ 24,256,236</u>	<u>\$ 19,044,860</u>	<u>\$ 18,874,488</u>

City of North Liberty
Schedule 5
Schedule of Cash Receipts, Disbursements, and
Changes in Cash Balances -
General Fund Detail
Year Ended June 30, 2023

	General Fund (1)	Recreation Equipment (4)	Tele communications Equipment (9)	Tree Program (7)
Receipts				
General property taxes	\$ 8,877,773	\$ -	\$ -	\$ -
Commercial and industrial tax replacement	193,115	-	-	-
Other city tax	323,784	-	-	-
Licenses and permits	782,500	-	-	-
Intergovernmental	688,782	-	-	9,800
Charges for services	2,814,128	12,871	-	-
Use of money and property	45,953	-	-	-
Miscellaneous	152,800	10,461	-	1,000
Total receipts	<u>13,878,835</u>	<u>23,332</u>	<u>-</u>	<u>10,800</u>
Disbursements				
Current				
General government	2,335,806	-	-	-
Public safety	5,189,869	-	-	-
Public works	1,718,097	-	-	-
Health and social services	143,000	-	-	-
Community and economic development	1,309,254	-	-	-
Culture and recreation	5,511,387	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	636,110	-	9,800
Total disbursements	<u>16,207,413</u>	<u>636,110</u>	<u>-</u>	<u>9,800</u>
Excess of receipts over (under) disbursements	(2,328,578)	(612,778)	-	1,000
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	-
Insurance proceeds	22,593	307,475	-	-
Transfers in	2,923,927	85,000	-	-
Transfers out	(1,358,600)	-	-	-
Total other financing sources (uses)	<u>1,587,920</u>	<u>392,475</u>	<u>-</u>	<u>-</u>
Net change in cash fund balances	(740,658)	(220,303)	-	1,000
Cash Fund Balances				
Beginning of year	<u>6,567,075</u>	<u>590,395</u>	<u>29,902</u>	<u>4,056</u>
End of year	<u>\$ 5,826,417</u>	<u>\$ 370,092</u>	<u>\$ 29,902</u>	<u>\$ 5,056</u>

<u>Hotel/Motel Tax (12)</u>	<u>Library Reserve (3)</u>	<u>Fire Equipment Reserve (2)</u>	<u>Equipment Revolving Fund (8)</u>	<u>Police Equipment Reserve (5)</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
93,107	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	8,801
-	(3)	-	-	-
-	13,611	3,249	784	1,300
<u>93,107</u>	<u>13,608</u>	<u>3,249</u>	<u>784</u>	<u>10,101</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
35,623	-	-	-	-
-	-	381,413	88,204	62,500
-	-	-	704,226	-
-	105,620	-	-	-
<u>35,623</u>	<u>105,620</u>	<u>381,413</u>	<u>792,430</u>	<u>62,500</u>
57,484	(92,012)	(378,164)	(791,646)	(52,399)
-	-	4,861	66,281	-
-	-	-	-	-
-	105,000	-	556,000	58,594
<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(25,000)</u>	<u>105,000</u>	<u>4,861</u>	<u>622,281</u>	<u>58,594</u>
32,484	12,988	(373,303)	(169,365)	6,195
69,644	47,736	672,954	494,317	137,381
<u>\$ 102,128</u>	<u>\$ 60,724</u>	<u>\$ 299,651</u>	<u>\$ 324,952</u>	<u>\$ 143,576</u>

City of North Liberty
Schedule 5
Schedule of Cash Receipts, Disbursements, and
Changes in Cash Balances -
General Fund Detail
Year Ended June 30, 2023

	Police Seized Funds (11)	Park Development (15)	Computer Revolving (13)
Receipts			
General property taxes	\$ -	\$ -	\$ -
Commercial and industrial tax replacement	-	-	-
Other city tax	-	461,102	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	-	-	-
Miscellaneous	-	-	-
Total receipts	<u>-</u>	<u>461,102</u>	<u>-</u>
Disbursements			
Current			
General government	-	-	4,938
Public safety	61	-	4,455
Public works	-	-	-
Health and social services	-	-	-
Community and economic development	-	-	914
Culture and recreation	-	-	4,170
Capital outlay			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	5,544
Culture and recreation	-	-	-
Total disbursements	<u>61</u>	<u>-</u>	<u>20,021</u>
Excess of receipts over (under) disbursements	(61)	461,102	(20,021)
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	-	-	389
Insurance proceeds	-	-	-
Transfers in	-	-	30,700
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>31,089</u>
Net change in cash fund balances	(61)	461,102	11,068
Cash Fund Balances			
Beginning of year	<u>29,525</u>	<u>352,649</u>	<u>90</u>
End of year	<u>\$ 29,464</u>	<u>\$ 813,751</u>	<u>\$ 11,158</u>

Transportation (6)	Total General Fund
\$ -	\$ 8,877,773
-	193,115
-	877,993
-	782,500
-	698,582
-	2,835,800
-	45,950
1,391,758	1,574,963
<u>1,391,758</u>	<u>15,886,676</u>
-	2,340,744
-	5,194,385
-	1,718,097
-	143,000
-	1,310,168
-	5,515,557
-	35,623
-	532,117
36,719	746,489
-	751,530
<u>36,719</u>	<u>18,287,710</u>
1,355,039	(2,401,034)
-	71,531
-	330,068
-	3,759,221
-	<u>(1,383,600)</u>
-	<u>2,777,220</u>
1,355,039	376,186
<u>2,331,956</u>	<u>11,327,680</u>
<u>\$ 3,686,995</u>	<u>\$ 11,703,866</u>

City of North Liberty
Schedule 5
Schedule of Cash Receipts, Disbursements,
and Changes in Cash Balances
- General Fund Detail
Year Ended June 30, 2023

	General Fund (1)	Recreation Equipment (4)	Tele communications Equipment (9)	Tree Program (7)
Cash Basis Fund Balances				
Restricted for				
Hotel/motel tax	\$ -	\$ -	\$ -	\$ -
Tree purchases	-	-	-	5,056
Police capital equipment purchases	-	-	-	-
Housing rehabilitation	21,246	-	-	-
Park development	-	-	-	-
Assigned for				
Capital purchases	-	370,092	29,902	-
Street capital projects	-	-	-	-
Computer revolving	-	-	-	-
IT and cyber security	148,881	-	-	-
Unassigned	5,656,290	-	-	-
 Total cash fund balances	 <u>\$ 5,826,417</u>	 <u>\$ 370,092</u>	 <u>\$ 29,902</u>	 <u>\$ 5,056</u>

<u>Hotel/Motel Tax (12)</u>	<u>Library Reserve (3)</u>	<u>Fire Equipment Reserve (2)</u>	<u>Equipment Revolving Fund (8)</u>	<u>Police Equipment Reserve (5)</u>	<u>Police Seized Funds (11)</u>
\$ 102,128	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	29,464
-	-	-	-	-	-
-	-	-	-	-	-
-	60,724	299,651	324,952	143,576	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 102,128</u>	<u>\$ 60,724</u>	<u>\$ 299,651</u>	<u>\$ 324,952</u>	<u>\$ 143,576</u>	<u>\$ 29,464</u>

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City of North Liberty
Schedule 5
Schedule of Cash Receipts, Disbursements,
and Changes in Cash Balances
- General Fund Detail
Year Ended June 30, 2023

	Park Development (15)	Computer Revolving (13)	Transportation (6)	Total General Fund
Cash Basis Fund Balances				
Restricted for				
Hotel/motel tax	\$ -	\$ -	\$ -	\$ 102,128
Tree purchases	-	-	-	5,056
Police capital equipment purchases	-	-	-	29,464
Housing rehabilitation	-	-	-	21,246
Park development	813,751	-	-	813,751
Assigned for				
Capital purchases	-	-	-	1,228,897
Street capital projects	-	-	3,686,995	3,686,995
Computer revolving	-	11,158	-	11,158
IT and cyber security	-	-	-	148,881
Unassigned	-	-	-	5,656,290
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,656,290</u>
Total cash fund balances	<u>\$ 813,751</u>	<u>\$ 11,158</u>	<u>\$ 3,686,995</u>	<u>\$ 11,703,866</u>

City of North Liberty
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Agency/Pass Through Agency/Program Title	Federal Assistance Listing Number	Expenditures
U.S. Department of Agriculture		
Direct Programs:		
Cooperative Forestry Assistance	10.664	\$ 4,900
U.S. Department of Justice		
Direct Programs:		
Bulletproof Vest Partnership Program	16.607	2,954
U.S. Department of Treasury		
Direct		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	543,235
Total U.S. Department of Treasury		
U.S. Department of Transportation		
Through Governor's Traffic Safety Bureau		
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	24,199
U.S Housing and Urban Development		
Passed through Iowa Economic Development Authority		
Community Development Block Grant Program	14.228	124,711
U.S. Department of Homeland Security		
Direct Programs:		
Staffing and Adequate Fire and Emergency Response (SAFER)	97.083	64,140
Federal Emergency Management Agency		
Passed through Iowa Department of Homeland Security		
Disaster Grants - Public Assistance	97.036	72,109
Hazard Mitigation Grant	97.039	162,057
Total U.S. Department of Homeland Security		298,306
Total Federal Expenditures		\$ 998,305

City of North Liberty
Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes of net assets, or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – PASS-THROUGH GRANT NUMBERS

All pass-through entities listed above use the same Assistance Listing numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

NOTE 4 – INDIRECT COST RATE

The City did not elect to use the 10 percent de minimis indirect cost rate, as allowed under the Uniform Guidance.

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**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Basic Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of North Liberty
North Liberty, Iowa

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 basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Liberty, Iowa as of and for the year ended June 30, 2023, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 8, 2024. Our report expressed unmodified opinions on the basic financial statements which were prepared on a basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the basic 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 basic 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.

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 basic financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be material weaknesses, audit findings, II-A-23 and II-B-23.

Report on Compliance and Other Matters

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

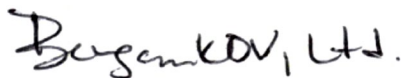
Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2023, are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the City. Since our audit was based on tests and samples, not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

City's Response to 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 and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



St. Cloud, Minnesota
August 8, 2024

**Report on Compliance for Each Major Federal Program
and Report on Internal Control over Compliance Required by
the Uniform Guidance**

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of North Liberty
North Liberty, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2023. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

BergankDV, Ltd.

St. Cloud, Minnesota
August 8, 2024

**City of North Liberty
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal control over financial reporting:

- Material weakness(es) identified? Yes, Audit Finding II-B-23, Audit Finding II-A-23
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? No

Identification of Major Programs

Assistance Listing No: 21.027
Name of Federal Program or Cluster: COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

City of North Liberty
Schedule of Findings and Responses

Part II: Findings Related to the Basic Financial Statements:

AUDIT FINDING II-A-23 LACK SEGREGATION OF ACCOUNTING DUTIES

Criteria:

Internal control that supports the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements requires adequate segregation of accounting duties.

Condition:

During the year ended June 30, 2023, the City had a lack of segregation of accounting duties due to a limited number of office employees. The lack of segregation of accounting duties could adversely affect City's ability to initiate, record, process and report financial data consistent with the assertions of management in the basic financial statements. Adequate segregation of accounting duties is in place when the following four areas of a transaction have been separated: authorization, custody, recording, and reconciliation. Examples of functions within the City that demonstrate this lack of segregation of accounting duties include, but are not limited to, the following:

- Cash Disbursements – The Administrative Assistant inputs purchases into the system, prints the checks, and reconciles the bank accounts.
- Financial Reporting – The Assistant City Administrator is responsible for month-end and year-end reconciliations and reporting.
- Journal Entries – The Assistant City Administrator all full access to the accounting system including the ability to make adjustments without review.

Management and the City Council are aware of this condition and have taken certain steps to compensate for the lack of segregation. However, due to the number of staff needed to properly segregate all of the accounting duties, the costs of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. Management and the City Council must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

Context:

This finding impacts the internal control for all significant accounting functions.

Effect or Potential Effect:

The lack of adequate segregation of accounting duties could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause:

There are a limited number of office employees.

Recommendation:

Continue to review the accounting system, including changes that may occur. Implement segregation whenever practical.

**City of North Liberty
Schedule of Findings and Responses**

Part II: Findings Related to the Basic Financial Statements (Continued)

**AUDIT FINDING II-A-23 LACK SEGREGATION OF ACCOUNTING DUTIES
(CONTINUED)**

Views of Responsible Officials and Planned Corrective Action:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
Administration will review current segregation of accounting duties to determine if further segregation is possible.
3. Official Responsible for Ensuring CAP
Tracey Mulcahey is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2024.
5. Plan to Monitor Completion of CAP
The City Council will be monitoring this CAP.

City of North Liberty
Schedule of Findings and Responses

Part II: Findings Related to the Basic Financial Statements (Continued)

AUDIT FINDING II-B-23 BANK RECONCILIATIONS

Criteria:

Internal control that supports the City's ability to reconcile the bank statements to City's finance system monthly.

Condition:

During the year ended June 30, 2023, the City was unable to reconcile the bank statements to the City's finance system.

Context:

This finding impacts the internal control for bank reconciliations.

Effect or Potential Effect:

The lack of proper bank reconciliations could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause:

The migration to a new finance software has caused the bank reconciliation process to not be able to be performed.

Recommendation:

Complete bank reconciliations monthly.

Views of Responsible Officials and Planned Corrective Action:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
Administration will ensure bank reconciliations are completed timely in the future.
3. Official Responsible for Ensuring CAP
Tracey Mulcahey is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is June 30, 2024.
5. Plan to Monitor Completion of CAP
The City Council will be monitoring this CAP.

City of North Liberty
Schedule of Findings and Responses

Part III: Other Findings Related to Statutory Reporting:

- III-A-23 Certified Budget – Disbursements for the year ended June 30, 2023, did not exceed budgeted amounts.
- III-B-23 Questionable Disbursements
We noted no disbursements for parties, banquets, or other entertainment for employees that we believe may constitute an unlawful expenditure from funds as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-23 Travel Expense
No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-23 Business Transactions
No business transactions between City and City officials or employees were noted.
- III-E-23 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*.
- III-F-23 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.
- III-G-23 Council Minutes
No transactions were found that we believe should have been approved in the Council minutes but were not other than the instance reported in III-M-23.
- III-H-23 Deposits and Investments
No instances of noncompliance with the deposit and investment provision of Chapter 12B and 12C of the *Code of Iowa* and the City's investment policy were noted.
- III-I-23 Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.

**City of North Liberty
Schedule of Findings and Responses**

Part III: Other Findings Related to Statutory Reporting(Continued)

III-J-23 Annual Urban Renewal Report – The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1, 2023. However, we noted instances in which TIF debt balances did not reconcile between City and County records.

Auditor's Recommendation – The City should review outstanding tax increment financing obligations for propriety.

City's Response – The City will work with the County to ensure tax increment financing obligations are properly stated.

Auditor's Conclusion – Response accepted.

III-K-23 Tax Increment Financing – The Special Revenue, Tax Increment Financing (TIF) Fund properly disbursed payments for TIF loans and rebates. Also, the Sample City properly completed the Tax Increment Debt Certificate Forms to request TIF properly taxes.

III-L-23 Transfers – Rule 545-2.5 of the *Iowa Administrative Code* requires transfers between funds be passed by resolution and include a clear statement of the reason or purpose for the transfer, the name of the fund from which the transfer is originating, the name of the fund into which the transfer is to be received, and the dollar amount to be transferred. During fiscal year 2023, the City made a transfer that was not passed by resolution.

Auditor's Recommendation – The City should comply with the *Iowa Administrative Code* and approve transfers by a resolution which includes the required information.

City's Response – We will implement the procedures necessary to comply with the Administrative Code requirements.

Auditor's Conclusion – Response accepted.

III-M-23 Interest Rates on Time Deposits – Minimum interest rates are set by the State of Iowa Rate Setting Committee to ensure all time deposits are earning interest at an acceptable rate. During the year ended June 30, 2023, the City invested in time deposits that were below the minimum rates set by this committee.

Auditor's Recommendation – Ensure all timed deposits are meeting the minimum acceptable rates set by the State of Iowa Rate Setting Committee.

City's Response – The City will review the time deposit and ensure they are at acceptable rates moving forward.

Auditor's Conclusion – Response accepted.

**City of North Liberty
Schedule of Findings and Responses**

SECTION IV – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION V – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None

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APPENDIX E

BOOK-ENTRY SYSTEM

The information in this Appendix concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from DTC. Neither the Underwriter nor the Issuer take responsibility for the accuracy or completeness thereof, or for any material changes in such information subsequent to the date hereof, or for any information provided at the web sites referenced below. Beneficial Owners should confirm the following with DTC or the Direct Participants (as hereinafter defined). So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references in the Official Statement to the Bondowners or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

Book-Entry System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds 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 Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Bonds 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 Issuer or 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, Agent or Issuer, 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 Issuer or 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.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer does not take any responsibility for the accuracy thereof.