NEW ISSUE - DTC BOOK ENTRY ONLY

RATING: Moody's: "Aa1"
(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.

$4,100,000
City of Marion, Iowa
General Obligation Corporate Purpose Bonds, Series 2025A

Dated: Date of Delivery

Due: As shown on inside cover

The $4,100,000 General Obligation Corporate Purpose Bonds, Series 2025A (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, 2025, as amended, and a resolution authorizing issuance of the Bonds (the "Resolution") expected to be adopted by the City of Marion, Iowa (the "Issuer" or the "City") on May 22, 2025. 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 December 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, 2035, 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 street and related infrastructure improvements; (b) constructing sidewalk improvements; (c) acquiring and equipping a vehicle for use by the municipal fire department; (d) undertaking improvements and repairs at municipal cemeteries; (e) acquiring and installing a generator for City Hall; (f) undertaking roof replacement at the Lowe Park Arts and Environment Center; (g) undertaking renovation and reorganization improvements to City Hall; and (h) 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 June 3, 2025.

D|A DAVIDSON
FIXED INCOME CAPITAL MARKETS

The Date of this Official Statement is May 8, 2025

$4,100,000
City of Marion, Iowa
General Obligation Corporate Purpose Bonds, Series 2025A

MATURITY SCHEDULE

Due	Amount	Rate	Yield	Cusip Num.*	Due	Amount	Rate	Yield	Cusip Num.*
June 1, 2026	$ 60,000	5.000%	3.110%	569611 T89	June 1, 2032	$170,000	5.000%	3.380%	569611 U61
June 1, 2027	$135,000	5.000%	3.120%	569611 T97	June 1, 2033	$180,000	5.000%	3.440%	569611 U79
June 1, 2028	$140,000	5.000%	3.140%	569611 U20	June 1, 2034	$190,000	5.000%	3.530%	569611 U87
June 1, 2029	$150,000	5.000%	3.200%	569611 U38	June 1, 2035	$200,000	5.000%	3.620%	569611 U95
June 1, 2030	$155,000	5.000%	3.250%	569611 U46	June 1, 2036	$205,000	5.000%	3.720%	569611 V29
June 1, 2031	$165,000	5.000%	3.320%	569611 U53					

$450,000 5.000% Term Bond due June 1, 2038, Yield 3.850%, CUSIP* 569611 V45

$750,000 4.000% Term Bond due June 1, 2041, Yield 4.150%, CUSIP* 569611 V78

$1,150,000 4.350% Term Bond due June 1, 2045, Yield 4.450%, CUSIP* 569611 W36

* 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."

TABLE OF CONTENTS

OFFICIAL STATEMENT

$4,100,000
City of Marion, Iowa
General Obligation Corporate Purpose Bonds,
Series 2025A

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 $4,100,000 General Obligation Corporate Purpose Bonds, Series 2025A (the "Bonds"), of the City of Marion, 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, 2025, as amended (collectively, the "Act"), and a resolution expected to be adopted by the Issuer on May 22, 2025 (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 street and related infrastructure improvements; (b) constructing sidewalk improvements; (c) acquiring and equipping a vehicle for use by the municipal fire department; (d) undertaking improvements and repairs at municipal cemeteries; (e) acquiring and installing a generator for City Hall; (f) undertaking roof replacement at the Lowe Park Arts and Environment Center; (g) undertaking renovation and reorganization improvements to City Hall; and (h) paying certain costs of issuance related to the Bonds. See "PLAN OF FINANCING" and "SOURCES AND USES OF FUNDS" herein.

On or about June 3, 2025, the Issuer anticipates issuing its Taxable General Obligation Annual Appropriation Urban Renewal Bonds, Series 2025B (the "Anticipated Bonds"), in the anticipated principal amount of $7,810,000. There can be no assurance if and when the Anticipated Bonds will be issued and, if issued, in what final principal amounts. Not issuing the Anticipated Bonds will cause changes to certain schedules listed in "APPENDIX A – INFORMATION ABOUT THE ISSUER". THE ANTICIPATED BONDS ARE NOT BEING OFFERED PURSUANT TO THIS OFFICIAL STATEMENT, AND THE BONDS AND THE ANTICIPATED BONDS CONSTITUTE SEPARATE ISSUES.

THE ISSUER

The Issuer, with a 2020 U.S. Census population of 41,535, comprises approximately 16.06 square miles. The Issuer operates under a statutory form of government consisting of a seven-member City Council, of which the Mayor is 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 December 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.

Redemption

Optional Redemption. The Issuer reserves the right to optionally prepay part or all of the principal of the Bonds then outstanding, prior to and in any order of maturity on June 1, 2035, or on any date thereafter upon terms of par and accrued interest.

Mandatory Sinking Fund Redemption. The Bonds identified below are subject to mandatory redemption (by lot, as selected by the Registrar) on June 1 in each of the years set forth below at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date in the following principal amounts:

Term Bond Maturing June 1, 2038

Date	Amount
June 1, 2037	$220,000
June 1, 2038 (maturity)	$230,000

Term Bond Maturing June 1, 2041

Date	Amount
June 1, 2039	$240,000
June 1, 2040	$250,000
June 1, 2041 (maturity)	$260,000

Term Bond Maturing June 1, 2045

Date	Amount
June 1, 2042	$270,000
June 1, 2043	$280,000
June 1, 2044	$295,000
June 1, 2045 (maturity)	$305,000

Selection of Bonds for Redemption. Bonds subject to redemption (other than mandatory sinking fund redemption) will be selected in such order of maturity as the Issuer may direct. If less than all of the Bonds of any like maturity are to be redeemed, the particular part of those Bonds to be redeemed shall be selected by the Registrar by lot. The Bonds may be called in part in one or more units of $5,000.

Notice of Redemption. Notice of such redemption as aforesaid identifying the Bond or Bonds (or portion thereof) to be redeemed shall be sent by electronic means or mailed by registered mail to the registered owners thereof at the addresses shown on the Issuer's registration books not less than thirty (30) days prior to such redemption date.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Registrar of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed, provided that such notice of cancellation is to be made at least five (5) days prior to the date fixed for redemption.

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, 2025, 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.

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

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Resolution or the Loan Agreement. The remedies available to the Bondholders upon an event of default under the Resolution or the Loan Agreement, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the federal bankruptcy code, certain of the remedies specified in the Loan Agreement or the Resolution may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

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

Secondary Market

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

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

Rating Loss

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa1" 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 not covered by MFPRSI (defined herein) 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, 2024 (the "IPERS ACFR"), indicates that as of June 30, 2024, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 90.75%, and the unfunded actuarial liability was approximately $4.375 billion. The IPERS ACFR identifies the IPERS Net Pension Liability at June 30, 2024, at approximately $3.641 billion (market value), while its net pension liability at June 30, 2023, was approximately $4.514 billion (market value). The IPERS ACFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321.

Bond Counsel, Disclosure Counsel, the Underwriter 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, 2024, the Issuer's IPERS contribution totaled approximately $1,022,129. 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, 2024, at approximately $5,360,419, which is measured as of June 30, 2023. 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 2024" for additional information on pension and liabilities of the Issuer.

The Issuer also contributes to the Municipal Fire and Police Retirement System of Iowa ("MFPRSI"), which is a multiple-employer cost-sharing defined benefit pension plan for fire fighters and police officers, administered under Chapter 411 of the Iowa Code. MFPRSI plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to MFPRSI. Contribution amounts are set by State statute. The MFPRSI Annual Comprehensive Financial Report for its fiscal year ended June 30, 2024 (the "MFPRSI Report") indicates that as of June 30, 2024, the date of the most recent actuarial valuation for MFPRSI, the funded ratio of MFPRSI was 84.47%, and the unfunded actuarial liability was approximately $616.9 million. The MFPRSI Report identifies the MFPRSI Net Pension Liability at June 30, 2024, at approximately $660.8 million (market value), while its net pension liability at June 30, 2023, at approximately $626.2 million (market value). The MFPRSI Report is available on the MFPRSI website.

Bond Counsel, Disclosure Counsel, the Underwriter and the Issuer undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the MFPRSI discussed above or included on the MFPRSI 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 MFPRSI website.

In fiscal year ended June 30, 2024, the Issuer's MFPRSI contribution totaled approximately $1,711,454. The Issuer is current in its obligations to MFPRSI.

Pursuant to Governmental Accounting Standards Board Statement No. 68, MFPRSI has allocated the net pension liability among its members, with the Issuer's identified portion at June 30, 2024, at approximately $12,304,536, which is measured as of June 30, 2023. While the Issuer's contributions to MFPRSI 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 2024" for additional information on pension and liabilities of the Issuer.

The Issuer operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees, spouses and their dependents. Group insurance benefits are established under Chapter 509A.13 of the Iowa Code. As of June 30, 2024, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Individuals who are employed by the Issuer and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit subsidy and an OPEB liability. Retired participants must be age 55 or older at retirement, have been a full-time employee for at least 12 years and completed 15 years of continuous service to the Issuer. As of June 30, 2023, there were 213 active employees and 20 inactive employees or beneficiaries currently receiving benefits. In the fiscal year ended June 30, 2024, the Issuer's OPEB liability was $2,190,377, which is measured as of June 30, 2023. See "APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR FISCAL YEAR 2024" for additional information on OPEB obligations 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, 2024, included in this Official Statement as Appendix D, have been audited by Hogan – Hansen, Cedar Rapids, Iowa, independent auditors (the "Accountant"), as stated in their report appearing herein. The Accountant has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2024, and also has not performed any procedures relating to this Official Statement.

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 street and related infrastructure improvements; (b) constructing sidewalk improvements; (c) acquiring and equipping a vehicle for use by the municipal fire department; (d) undertaking improvements and repairs at municipal cemeteries; (e) acquiring and installing a generator for City Hall; (f) undertaking roof replacement at the Lowe Park Arts and Environment Center; (g) undertaking renovation and reorganization improvements to City Hall; and (h) 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	$4,100,000.00
Net Premium	167,748.25
Total Sources of Funds	$4,267,748.25
Uses of Funds	
Project Fund	$4,193,000.00
Costs of Issuance & Contingency(1)	74,748.25
Total Uses of Funds	$4,267,748.25

(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 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 2026 through 2036, inclusive, and 2038 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 2041 and 2045 (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 "Aa1" 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, 2025, 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 City did not timely link to the relevant series a notice of redemption, and did not timely file notice of its failure to provide the aforementioned information on or before the date specified in its prior continuing disclosure undertakings.

UNDERWRITING

The Bonds are being purchased, subject to certain conditions, by D.A. Davidson & Co. (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 $4,239,048.25 (reflecting the par amount of the Bonds with net original issue premium of $167,748.25 and an underwriter's discount of $28,700.00).

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 entireties 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 Marion, Iowa

Lianne Cairy/Finance Director

APPENDIX A

INFORMATION ABOUT THE ISSUER

CITY OF MARION, IOWA

<u>Marion City Hall</u>
1225 6th Avenue
Marion, IA 52302
Telephone 319-743-6300

MAYOR AND CITY COUNCIL

Nicolas AbouAssaly, Mayor	Term Expires December 31, 2027
Gage Miskimen, *Council Member Ward 1*	Term Expires December 31, 2027
Grant Harper, *Council Member Ward 2*	Term Expires December 31, 2025
Will Brandt, *Council Member Ward 3*	Term Expires December 31, 2027
Sara Mentzer, *Council Member Ward 4*	Term Expires December 31, 2025
Steve Jenson, *Council Member at Large*	Term Expires December 31, 2027
Randy Strnad, *Council Member at Large/Mayor Pro Tem*	Term Expires December 31, 2025

CITY OFFICIALS

Ryan J. Waller, City Manager
Kim Downs, Deputy City Manager
Lianne Cairy, Finance Director/City Treasurer
Brian McKenzie, Deputy Finance Director
Rachel Bolender, City Clerk

BOND AND DISCLOSURE COUNSEL
DORSEY & WHITNEY, LLP
801 Grand Avenue, Suite 4100
Des Moines, IA 50309

UNDERWRITER
D.A. Davidson & Co.
515 East Locust Street, Suite 200
Des Moines, IA 50309
515.471.2700

GENERAL INFORMATION

The City was established in 1839 in connection with the organization of the County of Linn and served as the County Seat until 1919. The City itself was incorporated in 1865. Currently the City operates under a home rule charter with a City Manager form of government. The Council consists of a six-member City Council and a Mayor, of which the Mayor is a voting member, but has no veto powers. With staggered four-year terms, two Council members are elected at large and four Council members are elected from wards. A full-time City Manager, Deputy City Manager and Finance Director/City Clerk are responsible for administrative details and financial records. The current City Manager, Ryan J. Waller, has 20 years of experience serving local government, as has served as City Manager since November 29, 2021. The current Deputy City Manager, Kim Downs, has 22 years of experience serving local government, and has served as Deputy City Manager since September 6, 2022. The City Manager serves as the chief administrative officer of the City and along with the Deputy City Manager, is responsible for coordination of all citywide management and operational matters. Mr. Waller and Ms. Downs are the direct supervisors of all department heads, and through them, all City employees except those employees directly appointed by the City Council. The current Finance Director/City Treasurer, Lianne Cairy, CPA has been with the City since 2012. Ms. Cairy is responsible for maintaining all of the City's funds.

The City is located in eastern Central Iowa adjacent to the City of Cedar Rapids and approximately 50 miles from Dubuque. The City's population has grown from 18,028 in the 1970 census to a total of 41,535 in the 2020 census. State Highway 13 runs just to the east and Hwy 151 intersects directly through the City. Commercial air transportation is available in Cedar Rapids.

U.S. CENSUS DATA

Population trends for the city, county and state over the past three decades are as follows:

	2000	2010	2020
City of Marion	26,294	34,768	41,535
County of Linn	191,701	211,226	230,299
State of Iowa	2,926,324	3,046,355	3,190,369

Source: U.S. Department of Commerce.

UNEMPLOYMENT RATES [1]

	2024	2023	2022	2021	2020
City of Marion	3.1%	2.9%	2.7%	3.7%	5.0%
County of Linn	3.4%	3.3%	3.0%	4.4%	6.0%
State of Iowa	3.0%	2.9%	2.8%	3.9%	5.2%

[1] Not seasonally adjusted annual average.
Source: Iowa Workforce Development website.

LARGER EMPLOYERS

Employer	Type of Business	Approx. Number of Employees
Linn-Mar Community School District	Public Education	1,187
Marion Independent School District	Public Education	425
Timberline Manufacturing	Electric Sub-Assembly Manufacturing	245
City of Marion	Government	217
Legacy Manufacturing	Tools and Equipment Manufacturing	180
ESCO Group	Electrical Automation Engineering	132
Hupp Electric Motors	Electric Motor Repair & Rebuilding	130
Limolink	Professional International Chauffeur Services	130
Linn Coop	Grain, Agronomy, and Energy	120
Freund Vector Corporation	Pharmaceutical & Food Processing Equipment Manufacturing	108
	Top 10 Total:	2,874

Source: The City.

PUBLIC FUNDS INVESTMENTS

As of February 28, 2025, the City held investments in the following amounts:

Investment	**Deposit Amount**
Non Marketable CD	$15,000,000
Money Market Deposits	$55,461,633
Marketable Securities	$27,540,077
Total:	$98,001,710

Source: The City.

CURRENT FUND BALANCES (as of February 28, 2025)

Capital Project	$23,031,737	Maintenance Bond Fund	$608,603
Local Option Sales Tax	11,628,005	City Communications	596,380
General	10,038,810	Employee Benefits	591,256
Road Use Tax	8,526,668	Economic Dev Infrastructure	584,190
Equipment Reserve	6,185,122	Subdivision Dev Escrow	342,659
Road Use Replacement	4,592,188	Cemetery Perp. Care	244,714
Debt Service	4,415,179	Park Development	205,136
Health Insurance	4,308,395	Wellness Program	149,058
Sewer Replacement	4,303,411	Central Corridor Ura	123,868
Sanitary Sewer	4,287,476	Urban Forest Replacement	92,201
ARPA Neu Funding	3,965,797	West Tower Terrace Ura	51,957
Stormwater Management	2,037,968	Economic Development	48,530
Solid Waste	1,984,740	Federal Forfeiture	45,158
Solid Waste Capital Projects	1,550,310	State Forfeiture	35,317
Sanitary Sewer Capital Projects	1,546,731	Road Use Sinking Fund	28,523
Tax Stabilization	1,330,653	Solid Waste Sinking Fund	14,262
Collins Rd Ura	1,141,953	Sanitary Sewer Sinking Fund	13,970
Urban Forest Utility	1,074,255	Echo Hill Road Ura	5,464
Hotel/Motel	820,872	Highway 13 N 1 Ura	949
Ru Debt Service Reserve	804,306	29th Ave Ura	95
Solid Waste Replacement	747,618	Fleet Maintenance	(3,530)
Special Revenue	643,557	Total:	$102,744,514
(Continued on next column…)			

Source: The City.

PROPERTY VALUATIONS

TREND OF VALUATIONS

Valuation Year	Payable Fiscal Year	100% Actual Valuation	Taxable Valuation (With Rollback)	Taxable TIF Increment Valuation	Total Taxable Valuation
2024*	2025/26	$4,503,754,667	$2,111,412,906	$164,906,843	$2,276,319,749
2023	2024/25	$4,446,946,177	$2,047,596,831	$165,134,372	$2,212,731,203
2022	2023/24	$3,583,449,007	$1,877,660,160	$174,177,715	$2,051,837,875
2021	2022/23	$3,482,443,538	$1,876,093,949	$142,155,154	$2,018,249,103
2020	2021/22	$3,213,740,410	$1,795,473,457	$138,151,925	$1,933,625,382
2019	2020/21	$3,143,864,942	$1,731,148,967	$124,518,294	$1,855,667,261

The 100% actual valuations, before rollback and after reduction of military exemption, include ag land and buildings, TIF increment, and gas and electric utilities and are used for calculating debt capacity. The taxable valuations, with the rollback and after the reduction of military exemption, include gas and electric utilities, ag land and buildings, and exclude taxable TIF increment value, which is shown separately.
**Subject to final certification July 1, 2025.*
Source: Iowa Department of Management.

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VALUATION BY PROPERTY CLASSIFICATION

The following tables present the January 1, 2023 100% Assessed and Taxable Valuations of the City by property classification (for Fiscal Year 2024/25 tax levies) and the January 1, 2024 100% Assessed and Taxable Valuations of the City by property classification (for Fiscal Year 2025/26 tax levies).

	As of January 1, 2023 (2024/25 Collection)		As of January 1, 2024* (2025/26 Collection)	
	100% Actual Valuation	Taxable Valuation (With Rollback)	100% Actual Valuation	Taxable Valuation (With Rollback)
Residential	$3,730,692,627	$1,675,800,220	$3,773,457,280	$1,739,071,480
Commercial	$432,398,140	$348,255,689	$442,992,302	$358,983,694
Industrial	$34,268,496	$28,266,420	$34,148,305	$28,202,326
Railroads	$0	$0	$0	$0
Utilities w/o Gas & Electric	$0	$0	$0	$0
Other	$0	$0	$0	$0
Gross Valuation	$4,197,359,263	$2,052,322,329	$4,250,597,887	$2,126,257,500
Less: Military Exemption	($6,231,800)	($6,231,800)	($5,977,200)	($5,977,200)
Less: Homestead Exemption	($11,271,806)	($11,271,806)	($22,486,100)	($22,486,100)
Net Valuation	$4,179,855,657	$2,034,818,723	$4,222,134,587	$2,097,794,200
Taxable Increment Valuation (TIF)	$165,134,372	$165,134,372	$164,906,843	$164,906,843
Taxed Separately				
Ag. Land	$4,792,977	$3,428,092	$4,927,993	$3,626,653
Ag. Buildings	$104,067	$74,101	$116,989	$85,827
Gas & Electric	$97,059,104	$12,778,108	$111,668,255	$13,618,706

**Subject to final certification July 1, 2025.*
TIF used to compute debt service levies and constitutional debt limit.
Source: Iowa Department of Management

GROSS TAXABLE VALUATION BY CLASS OF PROPERTY

	As of January 1, 2023 (2024/25 Collection)		As of January 1, 2024* (2025/26 Collection)	
	Taxable Valuation	Percent Total	Taxable Valuation	Percent Total
Residential	$1,675,800,220	81.15%	$1,739,071,480	81.27%
Commercial, Industrial, Utility	376,522,109	18.23%	387,186,020	18.09%
Utilities – Gas & Electric	12,778,108	0.62%	13,618,706	0.64%
Total Gross Taxable Valuation	$2,065,100,437	100.00%	$2,139,876,206	100.00%

**Subject to final certification July 1, 2025.*
Source: Iowa Department of Management

LARGER TAXPAYERS

Top Ten Taxpayers by 2023 Taxable Value (for 2024/25 collection):

Taxpayer	1/1/2023 Taxable Valuation for FY 2024/25
Je Pense LLC	$21,517,774
Menard Inc	18,882,856
Kwik Trip Inc.	12,210,762
Wal-Mart Real Estate Business Trust	11,572,054
The Views Properties B LLC	9,500,274
Integrity Companies LLC	9,103,912
Platinum Development LLC	8,893,453
Interstate Power & Light Co	8,820,517
DMFA LLC	8,745,196
The Shops At Collins Square LLC	8,577,485
Total Top 10 Taxable Valuation:	$117,824,283
Top 10 as % of Total 2023 Taxable Valuation:	5.3%

Source: Linn County.

CITY INDEBTEDNESS

DEBT LIMIT

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by constitutional debt limit which is an amount equal to 5% of the value of taxable property within its limits as ascertained by the last state and county tax lists. The Issuer's debt limit, based upon 2023 property valuations, is illustrated below:

Total Market Value, 2023	$4,464,449,783
Less: Military Exemption	(6,231,800)
Less: Homestead Exemption	(11,271,806)
100% Assessed Valuation	$4,446,946,177
	x 5%
Legal Debt Limit (A)	$222,347,309
Debt Applicable to Limit:	
Applicable General Obligation Debt	$77,035,000
Tax Increment Revenue Debt	240,000
Debt Subject to Annual Appropriation	785,178
Total Bonds/Notes Subject to Debt Limit (B)	$78,060,178
Legal Debt Limit Available (A - B)	$144,287,131
Percentage of Debt Limit Available	64.89%

DIRECT DEBT

General Obligation Debt Paid by Property Taxes

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding as of 6/3/2025
09/2017A	$6,840,000	Corporate Purpose	06/2037	$4,660,000
04/2018A	3,235,000	Corporate Purpose	06/2031	1,740,000
05/2019A	5,430,000	Corporate Purpose	06/2037	4,730,000
05/2019C	9,570,000	Refunding	06/2033	6,530,000
08/2019D	6,385,000	Corporate Purpose	06/2037	5,785,000
06/2020A	8,455,000	Corporate Purpose	06/2038	8,255,000
06/2020B	5,900,000	Refunding	06/2029	2,300,000
04/2021A	7,410,000	Corporate Purpose	06/2040	6,515,000
05/2022A	10,305,000	Corporate Purpose	06/2041	9,495,000
06/2023B	6,585,000	Corporate Purpose	06/2043	6,530,000
06/2023C	3,060,000	Taxable Refunding	06/2026	3,060,000
06/2024	4,325,000	Corporate Purpose	06/2044	4,265,000
06/2025A	4,100,000	Corporate Purpose	06/2045	4,100,000
			Total:	$67,965,000

General Obligation Debt Paid by Tax Increment

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding as of 6/3/2025
02/2015A	$12,180,000	Urban Renewal	06/2034	$6,470,000
02/2015B	2,565,000	Urban Renewal	06/2027	485,000
06/2020B	3,445,000	Refunding	06/2029	1,275,000
04/2021B	1,450,000	Refunding	06/2030	840,000
			Total:	$9,070,000

Total General Obligation Debt Subject to Debt Limit: $77,035,000

ANNUAL FISCAL YEAR DEBT SERVICE PAYMENTS

General Obligation Debt Paid by Property Taxes

Year Ended	Current Outstanding G.O. Debt Paid by Property Taxes			G.O. Series 2025A			TOTAL G.O.
June 30,	Principal	Interest	P+I	Principal	Interest	P+I	P+I
2026	$7,100,000	$2,051,071	$9,151,071	$60,000	$188,969	$248,969	$9,400,040
2027	4,180,000	1,785,334	5,965,334	135,000	187,025	322,025	6,287,359
2028	4,315,000	1,656,159	5,971,159	140,000	180,275	320,275	6,291,434
2029	4,770,000	1,517,159	6,287,159	150,000	173,275	323,275	6,610,434
2030	4,430,000	1,372,204	5,802,204	155,000	165,775	320,775	6,122,979
2031	4,580,000	1,246,381	5,826,381	165,000	158,025	323,025	6,149,406
2032	4,405,000	1,114,394	5,519,394	170,000	149,775	319,775	5,839,169
2033	4,590,000	985,436	5,575,436	180,000	141,275	321,275	5,896,711
2034	3,700,000	848,469	4,548,469	190,000	132,275	322,275	4,870,744
2035	3,810,000	737,470	4,547,470	200,000	122,775	322,775	4,870,245
2036	3,930,000	622,293	4,552,293	205,000	112,775	317,775	4,870,068
2037	4,045,000	502,485	4,547,485	220,000	102,525	322,525	4,870,010
2038	2,670,000	377,170	3,047,170	230,000	91,525	321,525	3,368,695
2039	1,885,000	293,015	2,178,015	240,000	80,025	320,025	2,498,040
2040	1,960,000	227,440	2,187,440	250,000	70,425	320,425	2,507,865
2041	1,535,000	155,000	1,690,000	260,000	60,425	320,425	2,010,425
2042	805,000	88,800	893,800	270,000	50,025	320,025	1,213,825
2043	835,000	51,500	886,500	280,000	38,280	318,280	1,204,780
2044	320,000	12,800	332,800	295,000	26,100	321,100	653,900
2045				305,000	13,268	318,268	318,268
Total	$63,865,000	$15,644,580	$79,509,580	$4,100,000	$2,244,817	$6,344,817	$85,854,397

General Obligation Debt Paid by Tax Increment

Year Ended	Current Outstanding G.O. Debt Paid by Increment		
June 30,	Principal	Interest	P+I
2026	$1,445,000	$288,235	$1,733,235
2027	1,500,000	239,205	1,739,205
2028	1,300,000	187,600	1,487,600
2029	870,000	141,300	1,011,300
2030	890,000	116,900	1,006,900
2031	735,000	91,950	826,950
2032	755,000	69,900	824,900
2033	775,000	47,250	822,250
2034	800,000	24,000	824,000
Total	$9,070,000	$1,206,340	$10,276,340

ANNUAL APPROPRIATION OBLIGATIONS

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding as of 6/3/2025
03/2018	$4,500,000	Economic Development	06/2033	$2,833,454
05/2019B	3,365,000	Economic Development	06/2037	2,545,000
06/2025B	7,810,000	Economic Development	06/2045	7,810,000
			Total:	$13,188,454

OTHER DEBT

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding as of 6/3/2025
03/2020	$5,400,000	Road Use Tax Revenue Note	3/2030	$4,239,359
03/2020	2,700,000	Sanitary Sewer Revenue Note	3/2030	2,119,679
03/2020	2,700,000	Solid Waste Revenue Note	3/2030	2,119,679
09/2021	360,000	Tax Increment Revenue Bond	9/2031	240,000
04/2023A	7,400,000	Road Use Tax Revenue Bonds	6/2043	7,400,000
09/2023D	7,145,000	Public Service Facility	6/2043	6,750,000
09/2023E	7,220,000	Public Service Facility	6/2043	7,220,000
			Total:	$30,088,717

In addition to the Tax Increment Revenue Bond stated above, the City entered into a guarantee agreement related to the development and construction of a baseball complex. The City has provided a guarantee, subject to annual appropriation by the City Council, the maximum liability is $419,505.81. To date, no funds have been appropriated by the City Council for payment of debt.

TIF-backed Development Agreements

From time to time the City, pursuant to Section 403.9 of the Iowa Code and the Issuer's urban renewal plans, has entered into Development Agreements which contain payment obligations from the Issuer to an external party. The Issuer's payment requirements under these contracts are not structured as general liabilities of the Issuer, but rather are exclusively secured by and payable from a pledge of the City's incremental property tax revenues (TIF) to be derived from the taxable properties (or some subset thereof) contained within an urban renewal area of the Issuer pursuant to Section 403.19 of the Iowa Code. The City's payment 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 Agreements, each subject to annual appropriation by the City:

Agreement Date	Urban Renewal Area	Project Description	Maximum Remaining Payment Amount	Last Payment Date
8/3/2017	Collins Road Extension	Squaw Creek Crossing	$6,492,794.36[1]	6/1/2041
12/19/2024	Central Corridor	DCI Properties, LLC	4,400,000.00	6/1/2048
7/23/2020	Collins Road Extension	Genesis - 6th Ave	4,383,249.74	12/1/2026
4/6/2023	Collins Road Extension	Hart Family Hotels - Hotel Agreement	1,500,000.00	6/1/2037
10/8/2015	Collins Road Extension	APC Emmert	617,568.09	6/1/2038
10/5/2015	Collins Road Extension	Marion Iron	568,118.11	6/1/2036

[1]*Estimated amount – subject to change based on development.*

INDIRECT DEBT

Taxing District [1]	January 2023 Taxable Valuation	Taxable Valuation Within City	G.O. Debt as of 06/03/2025[2]	Allocable to City Percent	Allocable to City Amount
Linn County	$14,282,075,895	$2,216,233,396	$53,740,000	15.52%	$8,339,151
Cedar Rapids CSD	$6,746,986,445	$27,567,882	$0	0.41%	$0
Linn Mar CSD	$2,758,290,715	$1,619,422,168	$57,425,000	58.71%	$33,714,836
Marion CSD	$607,844,102	$577,551,519	$30,049,000	95.02%	$28,551,475
Kirkwood CC[3]	$32,318,284,879	$2,216,233,396	$104,670,279	6.86%	$7,177,787
			City's Share of Indirect Debt:		$77,783,248

[1] *Only political subdivisions with outstanding general obligation debts are included. The entire county, school district, or community college may not be within the boundaries of the City.*

[2] *Outstanding General obligation debt is as reported in the most recent available audited financial statements, official statements, and/or annual financial information. For entities that do not have annual audited financial statements, general obligation debt is sourced from the most recent Treasurer of the State of Iowa's Outstanding Obligations Report (June 30, 2024) or EMMA.*

[3] *Includes G.O., CLN's, and COP's, but Industrial New Jobs Training Certificates are not included.*
Source: Treasurer of the State of Iowa Outstanding Obligations Report (debt as of June 30, 2023), audited financial statements, EMMA

DEBT RATIOS

	G.O. Debt	Debt as a Percentage of 2023 Actual Market Value of $4,446,946,177	Debt as a Percentage of 2023 Taxable Market Value of $2,216,233,396	Debt per Capita (41,535)
Total Direct General Obligation Debt	$77,035,000	1.73%	3.48%	$1,855
City's Share of Indirect Debt	$77,783,248	1.75%	3.51%	$1,873
Total Direct and Indirect Debt	$154,818,248	3.48%	6.99%	$3,727

LEVIES AND TAX COLLECTIONS

Valuation Year	Collection Year	Amount Levied	Amount Collected*	Percent Collected
2023	2024/25	$30,526,447	*In the process of collection.*	
2022	2023/24	28,435,146	$28,637,247	100.71%
2021	2022/23	26,752,619	27,071,601	101.19%
2020	2021/22	25,600,761	25,862,771	101.02%
2019	2020/21	24,694,238	25,202,563	102.06%

**Includes delinquent taxes, if any.*

TAX RATES

Tax Rates (Per $1,000 of Taxable Value)

Valuation Year:	2023	2022	2021	2020	2019
Collection Year:	2024/25	2023/24	2022/23	2021/22	2020/21
General	8.03398	8.10000	8.10000	8.10000	8.10000
Outside $8.10	0.48436	0.64030	0.59882	0.61031	0.57897
Debt Service	2.38727	2.28704	2.03784	2.03662	2.16343
Other	3.89753	4.00656	3.46537	3.45283	3.37262
Total Levy	14.80314	15.03390	14.20203	14.19976	14.21502
City Ag Land	3.00375	3.00375	3.00375	3.00372	3.00375

Source: Iowa Department of Management.

LEVY LIMITS

A city's general fund tax levy is limited to $8.10 per $1,000 of taxable value (Code of Iowa, Chapter 384, Division I). Cities may exceed the $8.10 limitation upon authorization by a special levy election. Further, there are limited special purpose levies, which may be certified outside of the above-described levy limits (Code of Iowa, Section 384.12). The amount of the City's general fund levy subject to the $8.10 limitation is $8.03 for FY 2024-25. The City also levies for employee benefits. Debt service levies are not limited.

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 Marion (the "Issuer"), in Linn County, Iowa, passed preliminary to the issue by the Issuer of its General Obligation Corporate Bonds, Series 2025A (the "Bonds") in the amount of $4,100,000, in the denomination of $5,000 each, or any integral multiple thereof, dated June 3, 2025, in evidence of the Issuer's obligation under a certain loan agreement (the "Loan Agreement"), dated as of June 3, 2025, and pursuant to a resolution (the "Resolution") of the Issuer adopted on May 22, 2025. 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 December 1, 2025, at the respective rates as follows:

Date	Principal	Interest Rate	Date	Principal	Interest Rate
2026	$ 60,000	_____%	2033	$ 180,000	_____%
2027	$135,000	_____%	2034	$ 190,000	_____%
2028	$140,000	_____%	2035	$ 200,000	_____%
2029	$150,000	_____%	2036	$ 205,000	_____%
2030	$155,000	_____%	2038	$ 450,000	_____%
2031	$165,000	_____%	2041	$ 750,000	_____%
2032	$170,000	_____%	2045	$1,150,000	_____%

Principal of the Bonds maturing in the years 2036 to 2045, inclusive, is subject to optional redemption prior to maturity on June 1, 2035, or on any date thereafter on terms of par plus accrued interest, and principal of the Bonds is subject to mandatory redemption in accordance with the schedules set out in the Resolution.

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.

6. 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 Marion, Iowa (the "Issuer"), in connection with the issuance of $4,100,000 General Obligation Corporate Purpose Bonds, Series 2025A (the "Bonds"), dated June 3, 2025. The Bonds are being issued pursuant to a resolution of the Issuer approved on May 22, 2025 (the "Resolution"). The Issuer covenants and agrees as follows:

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

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

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

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

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

"EMMA" shall mean the MSRB's Electronic Municipal Market Access system available at http://emma.msrb.org.

"Financial Obligation" shall mean a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or, (iii) guarantee of either (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB pursuant to the Rule.

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

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

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

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

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

"State" shall mean the State of Iowa.

Section 3. Provision of Annual Reports.

(a) Not later than June 30 (the "Submission Deadline") of each year following the end of the 2024-2025 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:

Public Funds Investments (as of June 30)
Current Fund Balances (as of June 30)
Trend of Valuations
Valuation by Property Classification
Gross Taxable Valuation by Class of Property
Larger Taxpayers
Debt Limit
Direct Debt - General Obligation Debt Paid by Property Taxes
Direct Debt - General Obligation Debt Paid by Tax Increment
Direct Debt - Total General Obligation Debt Subject to Debt Limit
Annual Fiscal Year Debt Service Payments - General Obligation Debt Paid by Property Taxes
Annual Fiscal Year Debt Service Payments - General Obligation Debt Paid by Tax Increment
Annual Appropriations Obligations
Other Debt
TIF-backed Development Agreements
Debt Ratios
Levies and Tax Collections
Tax Rates

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 D.A. Davidson & Co.

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: June 3, 2025

CITY OF MARION, IOWA

By____________________________________
Mayor

Attest:

By____________________________________
City Clerk

APPENDIX D

AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR FISCAL YEAR 2024

CITY OF MARION, IOWA

INDEPENDENT AUDITOR'S REPORTS

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

JUNE 30, 2024

Table of Contents

Officials

Name	Title	Term Expires
	Elected Officials (Before January 1, 2024)	
Nicolas AbouAssaly	Mayor	December 31, 2023
Gage Miskimen	Council Member - First Ward	December 31, 2023
Steve Jensen	Council Member - Second Ward	December 31, 2025
Will Brandt	Council Member - Third Ward	December 31, 2023
Sara Mentzer	Council Member - Fourth Ward	December 31, 2025
Randy Strnad	Council Member - At-Large	December 31, 2025
Grant Harper	Council Member - At-Large	December 31, 2023
	Elected Officials (After January 1, 2024)	
Nicolas AbouAssaly	Mayor	December 31, 2027
Gage Miskimen	Council Member - First Ward	December 31, 2027
Grant Harper	Council Member - Second Ward	December 31, 2025
Will Brandt	Council Member - Third Ward	December 31, 2027
Sara Mentzer	Council Member - Fourth Ward	December 31, 2025
Randy Strnad	Council Member - At-Large	December 31, 2025
Steve Jensen	Council Member - At-Large	December 31, 2027
	Appointed Officials	
Ryan Waller	City Manager	Indefinite
Lianne Cairy	Finance Director/City Treasurer	Indefinite
Rachel Bolender	City Clerk	Indefinite
Kara Bullerman	City Attorney	Indefinite
Terrell Hunter	IT Director	Indefinite
Mike Kitsmiller	Police Chief	Civil Service
Michael Barkalow	City Engineer/Public Service & Utility Director (appointed April 8, 2024)	Indefinite
Tom Fagan	Fire Chief	Civil Service
Seth Staashelm	Director of Parks and Recreation	Indefinite
William Carroll	Library Director	Indefinite
Ryan Miller	Public Services Director (resigned October 20, 2023)	Indefinite
Kim Downs	Deputy City Manager/Community Development Director	Indefinite
Ed Wilmes	Interim Public Services Director (November 6, 2023 - February 9, 2024)	Indefinite
Amy Olson	Marion Municipal Water Department - Trustee - 2024 Chairperson	December 31, 2024
Terry Chew	Marion Municipal Water Department - Trustee - 2025 Chairperson	December 31, 2028
William A. Kling	Marion Municipal Water Department - Trustee	December 31, 2026
John D. McIntosh	Marion Municipal Water Department - Trustee	December 31, 2029
John C. Bender	Marion Municipal Water Department - Trustee	December 31, 2027
Todd Steigerwaldt	Marion Municipal Water Department - General Manager	Indefinite

HOGAN • HANSEN
A Professional Corporation
Certified Public Accountants and Consultants

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Marion, Iowa

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Marion, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Marion's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Marion, as of June 30, 2024, and the respective changes in its financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Marion 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.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Marion's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Member of American Institute of CPAs - Iowa Society of CPAs
Ames • Ankeny • Cedar Rapids • Mason City • Waterloo

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 generally accepted auditing standards 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 generally accepted auditing standards 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 of Marion'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, that raise substantial doubt about the City of Marion'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.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of proportionate share of the net pension liability, the schedules of contributions and the schedule of changes in the City's total OPEB liability, related ratios and notes on pages 5 through 12 and 59 through 68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the

required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marion's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the ten years ended June 30, 2024 (which are not presented herein) and expressed unmodified opinions on those financial statements. The accompanying nonmajor governmental funds - combining balance sheet; nonmajor governmental funds - combining schedule of revenue, expenditures and changes in fund balances; nonmajor enterprise funds - combining schedule of net position; nonmajor enterprise funds - combining schedule of revenue, expenses and changes in fund net position; nonmajor enterprise funds - combining schedule of cash flows; and schedule of revenue by source and expenditures by function - all governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor governmental funds - combining balance sheet; nonmajor governmental funds - combining schedule of revenue, expenditures and changes in fund balances; nonmajor enterprise funds - combining schedule of net position; nonmajor enterprise funds - combining schedule of revenue, expenses and changes in fund net position; nonmajor enterprise funds - combining schedule of cash flows; and schedule of revenue by source and expenditures by function - all governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2025 on our consideration of the City of Marion's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Marion's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Marion's internal control over financial reporting and compliance.

Hogan - Hansen

HOGAN - HANSEN

Cedar Rapids, Iowa
January 24, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Marion, Iowa, we offer readers of the City of Marion's financial statements this narrative and analysis of the financial statements of the City of Marion for the fiscal year ended June 30, 2024. This section should be read in conjunction with the financial statements and the accompanying notes that follow. It should also be noted that the information contained here will provide information on both the governmental operations and the business-type activities of the City.

FINANCIAL HIGHLIGHTS

The assets of the City of Marion's governmental activities exceeded its liabilities at the close of June 30, 2024 by $255.2 million (net position).

The City's net position for governmental activities increased by $26.6 million.

At the end of the current fiscal year, unassigned fund balance for the General Fund was $14.6 million, or 49.3%, of the total General Fund expenditures. For the purpose of these financial statements, the General Fund also includes the Equipment Reserve, Tax Stabilization, Hotel/Motel and Police Retirement Trust and Agency Funds.

Total general obligation debt decreased by $660,000 (excluding bond issuance premiums).

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

Government-wide financial statements consist of a statement of net position and a statement of activities. These provide information about the activities of the City as a whole and presents an overall view of the City's finances.

The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required supplementary information further explains and supports the financial statements with a comparison of the City's budget for the year, the City's proportionate share of the net pension liability and related contributions, as well as the schedule of changes in the City's total OPEB liability, related ratios and notes.

Supplementary information provides detailed information about the nonmajor governmental and enterprise funds.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-Wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

The statement of net position presents financial information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The statement of net position and the statement of activities report three kinds of activities:

- Governmental activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax, user charges and state and federal grants finance most of these activities.

- Business-type activities include solid waste management collection, the sanitary sewer system, city communication utility and urban forest. These activities are financed primarily by user charges.

- The component units include the activities of the Marion Water Department (Water), the Friends of the Marion Carnegie Library (Friends), the Marion Public Library Foundation (Library), the Marion Parks and Recreation Foundation, Inc. (Parks) and the Marion Firefighter's Association (Fire). The City is financially accountable for the component units and has included them in the financial statements and notes, although they are legally separate from the City.

Fund Financial Statements

The City has two kinds of funds:

1. **Governmental Funds**

   Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year end that are available for spending. Governmental funds include: (1) the General Fund, (2) the Special Revenue Funds, such as Road Use Tax, Local Option Sales Tax, Tax Increment Financing and the Employee Benefits Fund, (3) the Debt Service Fund, (4) the Capital Projects Funds and (5) the Permanent Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

   The required financial statements for governmental funds include a balance sheet and a statement of revenue, expenditures and changes in fund balances.

2. **Proprietary Funds**

   Proprietary funds account for the City's enterprise and internal service funds. The enterprise funds report services for which the City charges customers for the service it provides. The internal service funds are used to account for health insurance and other employee benefits. Proprietary funds are reported in the same way all activities are reported in the statement of net position and the statement of activities. The major difference between the proprietary funds and the business-type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund statements. Internal service funds are included in governmental activities in the statement of net position and statement of activities. The enterprise funds include the Sewer Rental Fund, Storm Water Management Fund and Solid Waste Fund which are considered to be major funds of the City. The City is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

   The financial statements required for proprietary funds include a statement of net position, a statement of revenue, expenses and changes in fund net position and a statement of cash flows.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position for governmental and business-type activities.

Net Position at End of Year

(in thousands)

	Governmental Activities		Business-Type Activities		Total Government	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Current and other assets	$ 134,080	$ 132,503	$ 25,341	$ 14,071	$ 159,421	$ 146,574
Capital assets	291,101	274,872	74,532	59,393	365,633	334,265
Total Assets	**425,181**	**407,375**	**99,873**	**73,464**	**525,054**	**480,839**
Deferred Outflows of Resources	**5,822**	**4,657**	**682**	**492**	**6,504**	**5,149**
Total Assets and Deferred Outflows of Resources	**$ 431,003**	**$ 412,032**	**$ 100,555**	**$ 73,956**	**$ 531,558**	**$ 485,988**
Long-term liabilities	$ 125,258	$ 119,366	$ 20,857	$ 6,068	$ 146,115	$ 125,434
Other liabilities	11,490	21,708	2,447	935	13,937	22,643
Total Liabilities	**136,748**	**141,074**	**23,304**	**7,003**	**160,052**	**148,077**
Deferred Inflows of Resources	**39,053**	**42,387**	**30**	**127**	**39,083**	**42,514**
Net Position						
Net investment in capital assets	188,502	170,743	55,520	54,917	244,022	225,660
Restricted	60,714	62,893	—	—	60,714	62,893
Unrestricted	5,986	(5,065)	21,701	11,909	27,687	6,844
Total Net Position	**255,202**	**228,571**	**77,221**	**66,826**	**332,423**	**295,397**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 431,003**	**$ 412,032**	**$ 100,555**	**$ 73,956**	**$ 531,558**	**$ 485,988**

Net position of governmental activities increased approximately $26.6 million for the fiscal year 2024. Net position of business-type activities increased approximately $10.4 million for the fiscal year 2024. The largest portion of the City's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is approximately $6.0 million as of the end of this year for governmental activities and $21.7 million for business-type activities.

A summary version of the statement of activities follows:

	Changes in Net Position for the Year Ended June 30, (in thousands)					
	Governmental Activities		Business-Type Activities		Total Government	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Revenue						
Program Revenue						
Charges for service	$ 2,847	$ 2,043	$ 13,477	$ 13,066	$ 16,324	$ 15,109
Operating grants and contributions	1,125	3,824	28	12	1,153	3,836
Capital grants and contributions	15,825	9,086	2,504	1,228	18,329	10,314
General Revenue						
Property tax and tax increment financing	34,992	31,854	—	—	34,992	31,854
Other city tax and special assessments	8,755	8,431	—	—	8,755	8,431
Local option sales tax	7,159	6,713	—	—	7,159	6,713
Unrestricted investment earnings	3,895	2,289	1,272	406	5,167	2,695
Miscellaneous	427	115	—	—	427	115
Gain on disposal of capital assets	449	(1,872)	29	—	478	(1,872)
Total Revenue	**75,474**	**62,483**	**17,310**	**14,712**	**92,784**	**77,195**
Program Expenses						
Public safety	18,096	16,583	—	—	18,096	16,583
Public works	7,097	9,564	—	—	7,097	9,564
Culture and recreation	8,564	8,662	—	—	8,564	8,662
Community and economic development	3,352	4,695	—	—	3,352	4,695
General government	4,011	4,051	—	—	4,011	4,051
Interest and fiscal charges on long-term debt	3,254	2,776	—	—	3,254	2,776
Sewer	—	—	7,820	7,338	7,820	7,338
Solid waste	—	—	2,850	2,335	2,850	2,335
City communication and utility	—	—	52	3	52	3
Urban forest	—	—	662	488	662	488
Total Expenses	**44,374**	**46,331**	**11,384**	**10,164**	**55,758**	**56,495**
Transfers	**(4,469)**	**(343)**	**4,469**	**343**	**—**	**—**
Change in Net Position	**26,631**	**15,809**	**10,395**	**4,891**	**37,026**	**20,700**
Net Position - Beginning of Year	228,571	212,762	66,826	61,935	295,397	274,697
Net Position - End of Year	**$ 255,202**	**$ 228,571**	**$ 77,221**	**$ 66,826**	**$ 332,423**	**$ 295,397**

Governmental Activities

Charges for service make up 3.8% of governmental revenue. Operating and capital grants and contributions, primarily for street projects and building improvement projects, make up another 22.5% of governmental revenue. The remaining revenue comes from primarily property, road use and local option sales taxes.

Business-Type Activities

As expected, charges for service is the primary revenue source for business-type activities. Sanitary sewer, urban forest and solid waste fees are the primary charges for service that make up 77.9% of total revenue. Investment income accounts for an additional 7.4% of total revenue.

INDIVIDUAL MAJOR FUND ANALYSIS

Governmental Fund Highlights

As the City of Marion completed the year, its governmental funds reported a combined fund balance of $82,459,975 which is an increase from the $80,004,139 total fund balance as of June 30, 2023. The following are the major reasons for the changes in fund balances of the major governmental funds from the prior year.

The General Fund prior year fund balance of $15,481,003 increased to $19,608,648. Revenue increased 9.4% over the prior year to $24,668,310 and expenditures increased 4.4% to $29,700,895. Net other financing sources totaled $9,160,230.

The Special Revenue, Road Use Tax Fund is used to account for the maintenance of the City's infrastructure. This fund ended fiscal year 2024 with a balance of $13,924,049, compared to the prior year ending balance of $11,911,049.

The Special Revenue, Trust and Agency (Employee Benefits) Fund is required by the Code of Iowa to account for property tax levied for employee benefits. This fund showed an increase in fund balance from $425,589 as of June 30, 2023 to $569,637 as of June 30, 2024.

The Special Revenue, Local Option Sales Tax Fund accounts for revenue from the tax authorized by referendum and used for capital improvements, equipment and community programs and services. This fund ended fiscal year 2024 with a $14,531,166 balance compared to the prior year ending fund balance of $12,736,943. Local option sales tax revenue increased $446,806 from $6,712,554 as of June 30, 2023 to $7,159,360 as of June 30, 2024.

The Special Revenue, Tax Increment Financing Fund accounts for revenue from the tax authorized by ordinance in the urban renewal district which is used to pay the principal and interest on indebtedness incurred for urban renewal redevelopment projects. This fund ended fiscal year 2024 with a $968,407 balance compared to the prior year ending balance of $525,463.

The Debt Service Fund ended fiscal year 2024 with a $1,544,893 balance compared to the prior year ending balance of $1,655,321. Property tax revenue increased $619,176 from $4,190,641 as of June 30, 2023 to $4,809,817 as of June 30, 2024, while bond principal and interest payments decreased $2,203,797 from $9,797,085 as of June 30, 2023 to $7,593,288 as of June 30, 2024.

The Capital Projects Fund ended fiscal year 2024 with a $29,889,500 balance compared to the prior year ending balance of $35,993,468.

Proprietary Fund Highlights

The Enterprise, Sewer Rental Fund, which accounts for the operation and maintenance of the City's sanitary sewer system, ended fiscal year 2024 with a net position balance of $28,571,678 compared to the prior year ending net position balance of $25,241,018.

The Enterprise, Storm Water Management Fund, which accounts for the operation and maintenance of the City's storm water management system, ended fiscal year 2024 with a $34,752,206 net position balance compared to the prior year ending net position balance of $31,531,334.

The Enterprise, Solid Waste Fund, which accounts for the operation and maintenance of the City's solid waste collection, ended fiscal year 2024 with a $5,939,512 net position balance compared to the prior year ending net position balance of $4,289,537.

Budgetary Highlights

Over the course of the year, the City amended its budget once. The budgeted disbursements were increased due to implementation of a compensation study, introduction of the automated traffic enforcement program, insurance claims, workers compensation claims, repair costs of fire engines, reduction in capital expenditures due to fluctuation in the completion date of project and delivery date of equipment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets include land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure. Capital assets for governmental activities totaled $291,100,851 (net of accumulated depreciation) as of June 30, 2024. Capital assets for business-type activities totaled $74,532,350 (net of accumulated depreciation) as of June 30, 2024. See Note 3 to the financial statements for more information about the City's capital assets.

Construction in progress as of June 30, 2024 consists primarily of street projects, sewer projects, new public service facility, uptown plaza and trail projects.

Long-Term Debt

As of June 30, 2024, the City had $80,745,000 of outstanding general obligation bonds, $3,127,050 of outstanding tax increment revenue bonds, $11,875,452 of outstanding revenue bonds and $3,501,244 of other long-term debt for governmental activities. See Note 4 to the financial statements for more information about the City's long-term debt.

The City continues to carry a general obligation bond rating of Aa1 assigned by national rating agencies to the City's debt since 2010. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt is significantly below its constitutional debt limit of approximately $179 million. Additional information about the City's long-term debt is presented in Note 4 to the financial statements.

ECONOMIC FACTORS

The unemployment rate for Linn County is currently at 3.7%, which is 0.1% more than where it was the previous year and is less than the national unemployment rate of 4.1%.

Retail sales are reported on a fiscal year, July 1 to June 30, basis. For fiscal year 2024, retail sales were $459.67 million for Marion and $4.53 billion for Linn County. For fiscal year 2023, retail sales were $457.22 million for Marion and $4.56 billion for Linn County.

The total value of building permits for fiscal year 2024 was approximately $29.9 million, which is down from the fiscal year 2023 amount of $69.9 million.

NEXT YEAR'S BUDGET AND RATES

The adopted fiscal year 2024-2025 budget calls for an increase in tax receipts of 7.4% and accomplishes all of the Council's long-standing objectives including maintaining the current level of services, maintaining adequate levels of cash reserves and complying with all of the City's financial policies.

Unlike many cities, Marion does not own or operate a wastewater treatment plant. Wastewater treatment is handled through a contract with the City of Cedar Rapids. A 0.1% overall increase in collections is budgeted.

Similarly, the recycling market has changed over the past couple of years, leading to increased costs in the United States and international markets. The City has budgeted for a 23.2% overall increase in collections with the implementation of an automated collection system.

The total City tax levy rate for fiscal year 2024-2025 is 14.8031 per taxable valuation compared to 15.0339 for fiscal year 2023-2024. Net taxable valuation for fiscal year 2024-2025 is $2.03 billion, which was an increase of $170.67 million from the fiscal year 2023-2024 level which was $1.86 billion.

FINANCIAL INFORMATION CONTACT

This financial report is designed to present our residents, taxpayers, customers, investors and creditors with a general overview of the City's finances and operating activities and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the Office of the Finance Director at 1225 - 6th Avenue, City Hall, Marion, Iowa 52302.

Basic Financial Statements

Statement of Net Position

As of June 30, 2024

	Primary Government			Component Unit				
	Governmental Activities	Business-Type Activities	Total	Water	Friends	Library	Parks	Fire
Assets and Deferred Outflows of Resources								
Assets								
Cash	$ 68,180,947	$ 19,388,294	$ 87,569,241	$ 10,909,908	$ 71,873	$ 181,171	$ 237,530	$ 111,399
Pooled investments	22,753,910	3,662,971	26,416,881	—	68,463	1,199,401	—	283,094
Receivables								
Property Tax and Tax Increment Financing, Net of Allowance								
Current year delinquent	89,532	—	89,532	—	—	—	—	—
Succeeding year	35,828,037	—	35,828,037	—	—	—	—	—
Unbilled usage	—	1,387,752	1,387,752	576,850	—	—	—	—
Accounts	722,812	726,435	1,449,247	375,109	—	—	—	—
Due from primary government	—	—	—	240,000	—	—	—	—
Accrued interest	—	—	—	42,731	—	—	—	—
Due from other governments	6,006,911	227	6,007,138	—	—	—	—	—
Internal loans - portion due within one year	(74,174)	74,174	—	—	—	—	—	—
Inventories	673,207	—	673,207	484,214	—	—	—	200
Internal loans - portion due after one year	(101,434)	101,434	—	—	—	—	—	—
Restricted Assets								
Cash and investments	—	—	—	181,371	—	—	—	905,637
Capital assets, net of accumulated depreciation	291,100,851	74,532,350	365,633,201	34,128,093	2,797	—	—	—
Total Assets	**425,180,599**	**99,873,637**	**525,054,236**	**46,938,276**	**143,133**	**1,380,572**	**237,530**	**1,300,330**
Deferred Outflows of Resources								
Pension-related deferred outflows	5,003,583	556,326	5,559,909	240,725	—	—	—	—
OPEB-related deferred outflows	818,532	125,309	943,841	—	—	—	—	—
Total Deferred Outflows of Resources	**5,822,115**	**681,635**	**6,503,750**	**240,725**	**—**	**—**	**—**	**—**
Total Assets and Deferred Outflows of Resources	**$ 431,002,714**	**$ 100,555,272**	**$ 531,557,986**	**$ 47,179,001**	**$ 143,133**	**$ 1,380,572**	**$ 237,530**	**$ 1,300,330**

See accompanying notes to the financial statements.

Statement of Net Position

As of June 30, 2024

	Primary Government			Component Unit				
	Governmental Activities	Business-Type Activities	Total	Water	Friends	Library	Parks	Fire
Liabilities, Deferred Inflows of Resources and Net Position								
Liabilities								
Accounts payable	$ 5,905,009	$ 2,392,044	$ 8,297,053	$ 322,969	$ —	$ —	$ —	$ —
Grants received in advance	4,037,243	—	4,037,243	—	—	—	—	—
Accrued interest payable	327,327	—	327,327	1,141	—	—	—	—
Salaries and benefits payable	961,602	54,876	1,016,478	81,871	—	—	—	—
Self-insured estimated claims	257,609	—	257,609	15,681	—	—	—	—
Payable from restricted assets	—	—	—	181,371	—	—	—	—
Long-Term Liabilities								
Portion Due Within One Year								
Revenue bonds	236,144	466,144	702,288	—	—	—	—	—
General obligation bonds	5,265,000	—	5,265,000	—	—	—	—	—
Tax increment revenue bonds	292,839	—	292,839	—	—	—	—	—
Unamortized premium on bonds	341,585	20,044	361,629	—	—	—	—	—
Notes payable	142,010	40,000	182,010	—	—	—	—	—
Compensated absences	18,244	38,355	56,599	147,215	—	—	—	—
Nonbonded indebtedness	24,984	—	24,984	—	—	—	—	—
Due to component unit	120,000	—	120,000	—	—	—	—	—
SRF loan	—	—	—	158,000	—	—	—	—
Portion Due or Payable After One Year								
Revenue bonds	11,639,308	18,209,360	29,848,668	—	—	—	—	—
General obligation bonds	75,480,000	—	75,480,000	—	—	—	—	—
Tax increment revenue bonds	2,834,211	—	2,834,211	—	—	—	—	—
Unamortized premium on bonds	2,654,934	340,734	2,995,668	—	—	—	—	—
Notes payable	3,359,234	240,000	3,599,234	—	—	—	—	—
Compensated absences	4,289,884	—	4,289,884	—	—	—	—	—
Nonbonded indebtedness	88,649	—	88,649	—	—	—	—	—
Due to component unit	120,000	—	120,000	—	—	—	—	—
SRF loan	—	—	—	1,063,000	—	—	—	—
Net pension liability	16,288,501	1,376,454	17,664,955	622,707	—	—	—	—
Total OPEB liability	2,063,392	126,985	2,190,377	108,356	—	—	—	—
Total Liabilities	**136,747,709**	**23,304,996**	**160,052,705**	**2,702,311**	**—**	**—**	**—**	**—**
Deferred Inflows of Resources								
Unavailable Revenue								
Succeeding year property tax and tax increment financing	35,828,037	—	35,828,037	—	—	—	—	—
Pension-related deferred inflows	276,965	(10,352)	266,613	4,883	—	—	—	—
OPEB-related deferred inflows	262,590	40,006	302,596	25,333	—	—	—	—
Other	2,684,923	—	2,684,923	—	—	—	—	—
Total Deferred Inflows of Resources	**39,052,515**	**29,654**	**39,082,169**	**30,216**	**—**	**—**	**—**	**—**
Net Position								
Net investment in capital assets	188,501,953	55,519,548	244,021,501	32,907,093	—	—	—	—
Restricted for								
Cemetery perpetual care	236,234	—	236,234	—	—	—	—	—
Benefits	569,637	—	569,637	—	—	—	—	—
Debt service	1,217,566	—	1,217,566	—	—	—	—	—
Capital projects	29,889,500	—	29,889,500	—	—	—	—	—
Economic development	51,492	—	51,492	—	—	—	—	—
Streets	13,250,842	—	13,250,842	—	—	—	—	—
Other purposes	15,499,573	—	15,499,573	—	—	—	—	—
Unrestricted	5,985,693	21,701,074	27,686,767	11,539,381	143,133	1,380,572	237,530	1,300,330
Total Net Position	**255,202,490**	**77,220,622**	**332,423,112**	**44,446,474**	**143,133**	**1,380,572**	**237,530**	**1,300,330**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 431,002,714**	**$ 100,555,272**	**$ 531,557,986**	**$ 47,179,001**	**$ 143,133**	**$ 1,380,572**	**$ 237,530**	**$ 1,300,330**

See accompanying notes to the financial statements.

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue: Charges for Service	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Governmental Activities	Net Revenue (Expense) and Changes in Net Position: Business-Type Activities	Net Revenue (Expense) and Changes in Net Position: Total	Component Unit: Water	Component Unit: Friends	Component Unit: Library	Component Unit: Parks	Component Unit: Fire
Primary Government												
Governmental Activities												
Public safety	$ 18,096,039	$ 1,054,131	$ 207,308	$ 1,300,000	$ (15,534,600)	$ —	$ (15,534,600)	$ —	$ —	$ —	$ —	$ —
Public works	7,096,819	35,780	1,482	1,812,559	(5,246,998)	—	(5,246,998)	—	—	—	—	—
Culture and recreation	8,563,882	532,834	473,563	404,534	(7,152,951)	—	(7,152,951)	—	—	—	—	—
Community and economic development	3,352,040	1,156,406	469	6,602,910	4,407,745	—	4,407,745	—	—	—	—	—
General government	4,010,760	68,296	441,751	5,705,168	2,204,455	—	2,204,455	—	—	—	—	—
Interest and other charges on long-term debt	3,253,763	—	—	—	(3,253,763)	—	(3,253,763)	—	—	—	—	—
Total Governmental Activities	**44,373,303**	**2,847,447**	**1,124,573**	**15,825,171**	**(24,576,112)**	**—**	**(24,576,112)**	**—**	**—**	**—**	**—**	**—**
Business-Type Activities												
Sewer	7,819,553	9,174,798	1,249	2,503,883	—	3,860,377	3,860,377	—	—	—	—	—
Solid waste	2,850,489	3,466,161	264	—	—	615,936	615,936	—	—	—	—	—
City communication and utility	52,557	19,600	3,609	—	—	(29,348)	(29,348)	—	—	—	—	—
Urban forest	662,426	816,737	23,067	—	—	177,378	177,378	—	—	—	—	—
Total Business-Type Activities	**11,385,025**	**13,477,296**	**28,189**	**2,503,883**	**—**	**4,624,343**	**4,624,343**	**—**	**—**	**—**	**—**	**—**
Total Primary Government	**$ 55,758,328**	**$ 16,324,743**	**$ 1,152,762**	**$ 18,329,054**	**(24,576,112)**	**4,624,343**	**(19,951,769)**	**—**	**—**	**—**	**—**	**—**
Component Unit - Water	**$ 4,012,012**	**$ 6,634,161**	**$ —**	**$ 1,092,636**	**—**	**—**	**—**	**3,714,785**	**—**	**—**	**—**	**—**
Component Unit - Friends	**$ 42,350**	**$ —**	**$ 56,371**	**$ —**	**—**	**—**	**—**	**—**	**14,021**	**—**	**—**	**—**
Component Unit - Library	**$ 412,643**	**$ —**	**$ 245,280**	**$ —**	**—**	**—**	**—**	**—**	**—**	**(167,363)**	**—**	**—**
Component Unit - Parks	**$ 3,595**	**$ —**	**$ 218,143**	**$ —**	**—**	**—**	**—**	**—**	**—**	**—**	**214,548**	**—**
Component Unit - Fire	**$ 6,458**	**$ —**	**$ 3,431**	**$ —**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(3,027)**
General Revenue (Expense)												
Property Tax Levied for												
General purposes					24,579,513	—	24,579,513	—	—	—	—	—
Debt service					4,809,817	—	4,809,817	—	—	—	—	—
Tax increment financing					5,602,554	—	5,602,554	—	—	—	—	—
Other City Tax												
Cable television franchise					2,505,210	—	2,505,210	—	—	—	—	—
Hotel/motel					376,084	—	376,084	—	—	—	—	—
Road use tax					5,872,739	—	5,872,739	—	—	—	—	—
Local option sales tax					7,159,360	—	7,159,360	—	—	—	—	—
Unrestricted investment earnings (losses)					3,895,350	1,272,124	5,167,474	443,817	1,863	113,662	297	(30,798)
Special assessments					836	—	836	—	—	—	—	—
Miscellaneous					425,526	—	425,526	154,689	—	—	—	—
Gain (loss) on disposal of capital assets					449,422	28,751	478,173	(15,237)	—	—	—	—
Total General Revenue					**55,676,411**	**1,300,875**	**56,977,286**	**583,269**	**1,863**	**113,662**	**297**	**(30,798)**
Transfers					**(4,469,007)**	**4,469,007**	**—**	**—**	**—**	**—**	**—**	**—**
Change in Net Position					**26,631,292**	**10,394,225**	**37,025,517**	**4,298,054**	**15,884**	**(53,701)**	**214,845**	**(33,825)**
Net Position - Beginning of Year					228,571,198	66,826,397	295,397,595	40,148,420	127,249	1,434,273	22,685	1,334,155
Net Position - End of Year					**$ 255,202,490**	**$ 77,220,622**	**$ 332,423,112**	**$ 44,446,474**	**$ 143,133**	**$ 1,380,572**	**$ 237,530**	**$ 1,300,330**

See accompanying notes to the financial statements.

As of June 30, 2024

		Special Revenue							
	General	Road Use Tax	Trust and Agency (Employee Benefits)	Local Option Sales Tax	Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	Total
Assets									
Cash	$ 15,053,496	$ 12,905,641	$ 554,527	$ 9,562,608	$ 1,004,456	$ 1,533,527	$ 22,544,241	$ 1,427,725	$ 64,586,221
Pooled investments	5,061,620	—	—	4,300,181	—	—	12,073,902	—	21,435,703
Receivables									
Property Tax									
Current year delinquent	40,232	—	18,428	—	19,008	11,864	—	—	89,532
Succeeding year	17,343,798	—	7,930,767	—	5,301,590	5,251,882	—	—	35,828,037
Accounts	649,899	20,915	5,771	—	—	—	—	—	676,585
Due from other governments	91,047	476,773	—	676,723	—	—	4,762,368	—	6,006,911
Inventories	—	673,207	—	—	—	—	—	—	673,207
Total Assets	$ 38,240,092	$ 14,076,536	$ 8,509,493	$ 14,539,512	$ 6,325,054	$ 6,797,273	$ 39,380,511	$ 1,427,725	$ 129,296,196
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	$ 405,197	$ 80,813	$ 9,089	$ 867	$ —	$ 498	$ 5,333,217	$ 4,050	$ 5,833,731
Grants received in advance	—	—	—	—	—	—	4,037,243	—	4,037,243
Salaries and benefits payable	882,449	71,674	—	7,479	—	—	—	—	961,602
Interfund loan	—	—	—	—	55,057	—	120,551	—	175,608
Total Liabilities	1,287,646	152,487	9,089	8,346	55,057	498	9,491,011	4,050	11,008,184
Deferred Inflows of Resources									
Succeeding year property tax	17,343,798	—	7,930,767	—	5,301,590	5,251,882	—	—	35,828,037
Fund Balances									
Nonspendable									
Inventories	—	673,207	—	—	—	—	—	—	673,207
Cemetery perpetual care	—	—	—	—	—	—	—	236,234	236,234
Restricted for									
Benefits	—	—	569,637	—	—	—	—	—	569,637
Debt service	—	—	—	—	—	1,544,893	—	—	1,544,893
Capital projects	—	—	—	—	—	—	29,889,500	—	29,889,500
Streets	—	13,250,842	—	—	—	—	—	—	13,250,842
Economic development	—	—	—	—	—	—	—	51,492	51,492
Other purposes	—	—	—	14,531,166	968,407	—			15,499,573
Committed to									
Pension	621,271	—	—	—	—	—	—	—	621,271
Capital projects	—	—	—	—	—	—	—	592,894	592,894
Assigned for									
Equipment reserve	4,022,349	—	—	—	—	—	—	—	4,022,349
Tax stabilization	330,653	—	—	—	—	—	—	—	330,653
Capital projects	—	—	—	—	—	—	—	543,055	543,055
Unassigned	14,634,375	—	—	—	—	—	—	—	14,634,375
Total Fund Balances	19,608,648	13,924,049	569,637	14,531,166	968,407	1,544,893	29,889,500	1,423,675	82,459,975
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 38,240,092	$ 14,076,536	$ 8,509,493	$ 14,539,512	$ 6,325,054	$ 6,797,273	$ 39,380,511	$ 1,427,725	$ 129,296,196

See accompanying notes to the financial statements.

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

As of June 30, 2024

Total Fund Balances for Governmental Funds (Page 16)...............		**$ 82,459,975**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is $382,476,858 and the accumulated depreciation is $91,376,007		291,100,851
Internal service funds are used by management to charge the costs of employee benefits and the partially self-funded insurance plan to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statements of net position		4,630,273
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds		(327,327)
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds		(2,684,923)
Pension and OPEB deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Pension Related		
Deferred outflows of resources..	$ 5,003,583	
Deferred inflows of resources..	(276,965)	
OPEB Related		
Deferred outflows of resources..	818,532	
Deferred inflows of resources..	(262,590)	5,282,560
Long-term liabilities are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds, as follows:		
General obligation bonds	$ (80,745,000)	
Tax increment revenue bonds	(3,127,050)	
Unamortized premium on general obligation bonds	(2,996,519)	
Revenue bonds..	(11,875,452)	
Note payable..	(3,501,244)	
Compensated absences	(4,308,128)	
Nonbonded indebtedness...	(113,633)	
Due to component unit...	(240,000)	
Net pension liability...	(16,288,501)	
Total OPEB liability	(2,063,392)	(125,258,919)
Net Position of Governmental Activities (Page 14)		**$ 255,202,490**

See accompanying notes to the financial statements.

Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2024

	General	Special Revenue: Road Use Tax	Special Revenue: Trust and Agency (Employee Benefits)	Special Revenue: Local Option Sales Tax	Special Revenue: Tax Increment Financing	Debt Service	Capital Projects	Nonmajor	Total
Revenue									
Property tax	$ 16,857,486	$ —	$ 7,722,027	$ —	$ —	$ 4,809,817	$ —	$ —	$ 29,389,330
Tax increment financing	—	—	—	—	5,602,554	—	—	—	5,602,554
Other city tax	2,881,294	—	—	—	—	—	—	—	2,881,294
Licenses and permits	806,255	—	—	—	—	—	—	—	806,255
Use of money and property	1,616,866	173,235	5,162	730,885	62,738	153,590	1,082,772	37,207	3,862,455
Intergovernmental	385,957	5,872,739	80,791	7,159,360	—	—	7,583,945	69,953	21,152,745
Charges for service	1,821,341	—	—	—	—	—	104,341	115,510	2,041,192
Special assessments	—	—	—	—	—	533	303	—	836
Miscellaneous	299,111	155,463	71,003	—	—	—	1,770,589	—	2,296,166
Total Revenue	**24,668,310**	**6,201,437**	**7,878,983**	**7,890,245**	**5,665,292**	**4,963,940**	**10,541,950**	**222,670**	**68,032,827**
Expenditures									
Operating									
Public safety	16,983,420	—	101,454	—	—	—	—	—	17,084,874
Public works	659,663	5,960,145	—	220,308	—	—	—	—	6,840,116
Culture and recreation	7,027,651	—	73,605	—	—	—	—	—	7,101,256
Community and economic development	1,580,422	—	—	—	1,641,380	—	357,354	74,298	3,653,454
General government	3,449,739	284,117	37,194	—	—	—	—	—	3,771,050
Debt Service									
Principal	—	230,481	—	—	280,242	5,010,000	—	—	5,520,723
Interest and other charges	—	509,270	—	—	141,982	2,583,288	94,531	—	3,329,071
Capital projects	—	—	—	—	—	—	18,704,943	—	18,704,943
Total Expenditures	**29,700,895**	**6,984,013**	**212,253**	**220,308**	**2,063,604**	**7,593,288**	**19,156,828**	**74,298**	**66,005,487**
Revenue Over (Under) Expenditures	**(5,032,585)**	**(782,576)**	**7,666,730**	**7,669,937**	**3,601,688**	**(2,629,348)**	**(8,614,878)**	**148,372**	**2,027,340**
Other Financing Sources (Uses)									
Operating transfers in	9,343,437	2,899,119	—	—	—	2,558,920	6,112,449	—	20,913,925
Operating transfers out	(438,412)	(198,783)	(7,712,682)	(5,875,714)	(3,158,744)	(40,000)	(8,776,497)	—	(26,200,832)
Insurance proceeds	—	—	—	—	—	—	662,002	—	662,002
Bond proceeds	—	—	—	—	—	—	4,325,000	—	4,325,000
Premium on bonds issued	—	—	—	—	—	—	220,231	—	220,231
Bond issuance costs	—	—	—	—	—	—	(32,275)	—	(32,275)
Sale of capital assets	255,205	95,240	190,000	—	—	—	—	—	540,445
Total Other Financing Sources (Uses)	**9,160,230**	**2,795,576**	**(7,522,682)**	**(5,875,714)**	**(3,158,744)**	**2,518,920**	**2,510,910**	**—**	**428,496**
Net Change in Fund Balances	**4,127,645**	**2,013,000**	**144,048**	**1,794,223**	**442,944**	**(110,428)**	**(6,103,968)**	**148,372**	**2,455,836**
Fund Balances - Beginning of Year (as restated)	15,481,003	11,911,049	425,589	12,736,943	525,463	1,655,321	35,993,468	1,275,303	80,004,139
Fund Balances - End of Year	**$ 19,608,648**	**$ 13,924,049**	**$ 569,637**	**$ 14,531,166**	**$ 968,407**	**$ 1,544,893**	**$ 29,889,500**	**$ 1,423,675**	**$ 82,459,975**

See accompanying notes to the financial statements.

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year Ended June 30, 2024

Change in Fund Balances - Total Governmental Funds (Page 18)		**$ 2,455,836**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:		
Capital outlay	$ 22,439,621	
Contributed capital assets	1,812,559	
Depreciation expense	(7,932,359)	16,319,821
The net book value of capital assets disposed of during the year		(91,026)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the statement of activities, interest expense is recognized as interest accrues, regardless of when it is due		(51,751)
Deferred revenue recognized in the current year in the government-wide financial statements		5,145,898
Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of the long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Current year issuances exceeded repayments, as follows:		
Long-term debt issued	$ (4,325,000)	
Long-term debt principal repaid	5,701,199	
Increase in nonbonded indebtedness	(25,000)	
Repayment of nonbonded indebtedness	25,000	1,376,199
Amortization of premiums on bonds payable does not provide current financial resources to governmental funds, but it decreases liabilities in the statement of net position		153,629

See accompanying notes to the financial statements.

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year Ended June 30, 2024

The current year City employer share of IPERS and MFPRSI contributions are reported as expenditures in the government funds, but are reported as deferred outflow of resources in the statement of net position		$ 2,487,080
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:		
Compensated absences..	$ 106,996	
Pension expense...	(2,084,907)	
Other post-employment benefits..	(88,439)	(2,066,350)
Internal service funds are used by management to charge the costs of employee benefits and the partially self-funded insurance plan to individual funds. The change in net position of the internal service funds is reported with governmental activities in the statement of activities..................................		901,956
Change in Net Position of Governmental Activities (Page 15)		**$ 26,631,292**

See accompanying notes to the financial statements.

Statement of Net Position - Proprietary Funds

As of June 30, 2024

	Enterprise					Internal Service		
	Sewer Rental	Storm Water Management	Solid Waste	Nonmajor	Total	Employee Benefits	Health Insurance	Total
Assets and Deferred Outflows of Resources								
Current Assets								
Cash	$ 5,423,880	$ 1,297,756	$ 5,577,592	$ 7,089,066	$ 19,388,294	$ 536,415	$ 3,058,311	$ 3,594,726
Pooled investments	1,076,288	659,604	1,268,822	658,257	3,662,971	56,746	1,261,461	1,318,207
Receivables								
Unbilled usage	785,281	117,405	416,214	68,852	1,387,752	—	—	—
Accounts	413,474	70,204	191,614	51,143	726,435	—	46,227	46,227
Due from other governments	191	—	36	—	227	—	—	—
Interfund loan	—	—	—	74,174	74,174	—	—	—
Total Current Assets	7,699,114	2,144,969	7,454,278	7,941,492	25,239,853	593,161	4,365,999	4,959,160
Noncurrent Assets								
Interfund loan	—	—	—	101,434	101,434	—	—	—
Capital assets, net of accumulated depreciation	32,012,596	32,799,022	9,492,255	228,477	74,532,350	—	—	—
Total Noncurrent Assets	32,012,596	32,799,022	9,492,255	329,911	74,633,784	—	—	—
Total Assets	39,711,710	34,943,991	16,946,533	8,271,403	99,873,637	593,161	4,365,999	4,959,160
Deferred Outflows of Resources								
Pension-related deferred outflows	182,507	123,277	216,022	34,520	556,326	—	—	—
OPEB-related deferred outflows	39,923	25,743	47,370	12,273	125,309	—	—	—
Total Deferred Outflows of Resources	222,430	149,020	263,392	46,793	681,635	—	—	—
Total Assets and Deferred Outflows of Resources	$ 39,934,140	$ 35,093,011	$ 17,209,925	$ 8,318,196	$ 100,555,272	$ 593,161	$ 4,365,999	$ 4,959,160
Liabilities, Deferred Inflows of Resources and Net Position								
Current Liabilities								
Accounts payable	$ 1,353,475	$ 4,768	$ 1,018,764	$ 15,037	$ 2,392,044	$ —	$ 71,278	$ 71,278
Salaries and benefits payable	15,362	—	24,002	15,512	54,876	—	—	—
Self-insured estimated claims	—	—	—	—	—	—	257,609	257,609
Compensated absences	38,355	—	—	—	38,355	—	—	—
Current maturities of long-term debt	348,072	—	118,072	40,000	506,144	—	—	—
Current maturities of unamortized bond premium	11,916	—	8,128	—	20,044	—	—	—
Total Current Liabilities	1,767,180	4,768	1,168,966	70,549	3,011,463	—	328,887	328,887
Noncurrent Liabilities								
Long-term debt	8,869,680	—	9,339,680	240,000	18,449,360	—	—	—
Net pension liability	469,638	319,960	550,155	36,701	1,376,454	—	—	—
Net OPEB liability	40,879	26,047	47,688	12,371	126,985	—	—	—
Unamortized bond premium	202,566	—	138,168	—	340,734	—	—	—
Total Noncurrent Liabilities	9,582,763	346,007	10,075,691	289,072	20,293,533	—	—	—
Total Liabilities	11,349,943	350,775	11,244,657	359,621	23,304,996	—	328,887	328,887
Deferred Inflows of Resources								
Pension-related deferred inflows	(8)	(18,409)	10,912	(2,847)	(10,352)	—	—	—
OPEB-related deferred inflows	12,527	8,439	14,844	4,196	40,006	—	—	—
Total Deferred Inflows of Resources	12,519	(9,970)	25,756	1,349	29,654	—	—	—
Net Position								
Net investment in capital assets	22,492,049	32,799,022	—	228,477	55,519,548	—	—	—
Unrestricted	6,079,629	1,953,184	5,939,512	7,728,749	21,701,074	593,161	4,037,112	4,630,273
Total Net Position	28,571,678	34,752,206	5,939,512	7,957,226	77,220,622	593,161	4,037,112	4,630,273
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 39,934,140	$ 35,093,011	$ 17,209,925	$ 8,318,196	$ 100,555,272	$ 593,161	$ 4,365,999	$ 4,959,160

Statement of Revenue, Expenses and Changes in Fund Net Position - Proprietary Funds

Year Ended June 30, 2024

	Enterprise					Internal Service		
	Sewer Rental	Storm Water Management	Solid Waste	Nonmajor	Total	Employee Benefits	Health Insurance	Total
Operating Revenue								
Licenses and permits	$ —	$ —	$ 950	$ —	$ 950	$ —	$ —	$ —
Charges for service	7,464,116	1,249,344	3,465,119	1,297,675	13,476,254	—	—	—
Miscellaneous	—	—	92	26,676	26,768	—	126,366	126,366
Total Operating Revenue	**7,464,116**	**1,249,344**	**3,466,161**	**1,324,351**	**13,503,972**	**—**	**126,366**	**126,366**
Operating Expenses								
Personal services	1,176,998	783,264	1,400,973	359,720	3,720,955	—	—	—
Services and commodities	4,076,900	85,098	972,909	398,024	5,532,931	—	75,205	75,205
Depreciation	532,720	658,801	34,171	35,846	1,261,538	—	—	—
Total Operating Expenses	**5,786,618**	**1,527,163**	**2,408,053**	**793,590**	**10,515,424**	**—**	**75,205**	**75,205**
Operating Income (Loss)	**1,677,498**	**(277,819)**	**1,058,108**	**530,761**	**2,988,548**	**—**	**51,161**	**51,161**
Nonoperating Revenue (Expenses)								
Intergovernmental	1,249	—	264	—	1,513	—	—	—
Investment revenue	358,704	93,128	400,395	419,897	1,272,124	29,495	3,400	32,895
Capital contributions	1,088,202	1,415,681	—	—	2,503,883	—	—	—
Bond issuance cost	(141,384)	—	(145,201)	—	(286,585)	—	—	—
Interest expense	(290,224)	—	(292,792)	—	(583,016)	—	—	—
Sale of capital assets	—	—	28,751	—	28,751	—	—	—
Total Nonoperating Revenue	**1,016,547**	**1,508,809**	**(8,583)**	**419,897**	**2,936,670**	**29,495**	**3,400**	**32,895**
Income Before Transfers	**2,694,045**	**1,230,990**	**1,049,525**	**950,658**	**5,925,218**	**29,495**	**54,561**	**84,056**
Transfers								
Transfers in	711,615	2,064,882	675,450	2,233,610	5,685,557	10,953	806,947	817,900
Transfers out	(75,000)	(75,000)	(75,000)	(991,550)	(1,216,550)	—	—	—
Total Transfers	**636,615**	**1,989,882**	**600,450**	**1,242,060**	**4,469,007**	**10,953**	**806,947**	**817,900**
Changes in Net Position	**3,330,660**	**3,220,872**	**1,649,975**	**2,192,718**	**10,394,225**	**40,448**	**861,508**	**901,956**
Net Position - Beginning of Year	25,241,018	31,531,334	4,289,537	5,764,508	66,826,397	552,713	3,175,604	3,728,317
Net Position - End of Year	**$ 28,571,678**	**$ 34,752,206**	**$ 5,939,512**	**$ 7,957,226**	**$ 77,220,622**	**$ 593,161**	**$ 4,037,112**	**$ 4,630,273**

See accompanying notes to the financial statements.

Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2024

	Enterprise					Internal Service		
	Sewer Rental	Storm Water Management	Solid Waste	Nonmajor	Total	Employee Benefits	Health Insurance	Total
Cash Flows From Operating Activities								
Cash received from customers and users	$ 7,445,923	$ 1,215,176	$ 3,309,701	$ 1,317,913	$ 13,288,713	$ —	$ 158,055	$ 158,055
Cash paid to employees for services	(1,210,038)	(804,422)	(1,436,848)	(365,928)	(3,817,236)	—	—	—
Cash paid to suppliers for goods and services	(2,864,301)	(214,016)	(150,494)	(394,805)	(3,623,616)	—	(388,736)	(388,736)
Net Cash Provided by (Used in) Operating Activities	**3,371,584**	**196,738**	**1,722,359**	**557,180**	**5,847,861**	**—**	**(230,681)**	**(230,681)**
Cash Flows From Noncapital Financing Activities								
Net transfers	636,615	1,989,882	600,450	1,242,060	4,469,007	10,953	806,947	817,900
State and federal grants received	1,221	—	273	—	1,494	—	—	—
Net Cash Provided by Noncapital Financing Activities	**637,836**	**1,989,882**	**600,723**	**1,242,060**	**4,470,501**	**10,953**	**806,947**	**817,900**
Cash Flows From Capital and Related Financing Activities								
Decrease in interfund loan	—	—	—	72,365	72,365	—	—	—
Proceeds from debt	7,145,000	—	7,220,000	—	14,365,000	—	—	—
Proceeds from bond premium	214,482	—	146,296	—	360,778	—	—	—
Acquisition of capital assets	(5,888,731)	(2,103,018)	(5,854,339)	(144,750)	(13,990,838)	—	—	—
Disposal of capital assets	—	—	33,926	—	33,926	—	—	—
Repayment of debt	(280,240)	—	(115,240)	(40,000)	(435,480)	—	—	—
Payment of interest	(290,224)	—	(292,792)	—	(583,016)	—	—	—
Bond issuance costs	(141,384)	—	(145,201)	—	(286,585)	—	—	—
Net Cash Provided by (Used in) Capital and Related Financing Activities	**758,903**	**(2,103,018)**	**992,650**	**(112,385)**	**(463,850)**	**—**	**—**	**—**
Cash Flows From Investing Activities								
Interest on investments	358,704	93,128	400,395	419,897	1,272,124	29,495	3,400	32,895
Purchase of investments	(1,076,288)	(597,937)	(1,139,089)	—	(2,813,314)	—	(1,155,165)	(1,155,165)
Proceeds from sale of investments	—	—	—	23,119	23,119	10,097	—	10,097
Net Cash Provided by (Used in) Investing Activities	**(717,584)**	**(504,809)**	**(738,694)**	**443,016**	**(1,518,071)**	**39,592**	**(1,151,765)**	**(1,112,173)**
Net Increase (Decrease) in Cash	**4,050,739**	**(421,207)**	**2,577,038**	**2,129,871**	**8,336,441**	**50,545**	**(575,499)**	**(524,954)**
Cash - Beginning of Year	1,373,141	1,718,963	3,000,554	4,959,195	11,051,853	485,870	3,633,810	4,119,680
Cash - End of Year	**$ 5,423,880**	**$ 1,297,756**	**$ 5,577,592**	**$ 7,089,066**	**$ 19,388,294**	**$ 536,415**	**$ 3,058,311**	**$ 3,594,726**
Reconciliation of Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities								
Income (loss) from operations	$ 1,677,498	$ (277,819)	$ 1,058,108	$ 530,761	$ 2,988,548	$ —	$ 51,161	$ 51,161
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities								
Depreciation	532,720	658,801	34,171	35,846	1,261,538	—	—	—
Change in Assets and Liabilities								
(Increase) decrease in receivables	(18,193)	(34,168)	(156,460)	(6,438)	(215,259)	—	31,689	31,689
Increase in deferred outflows of resources	(59,981)	(41,460)	(70,763)	(17,368)	(189,572)	—	—	—
Increase (decrease) in payables	1,212,599	(128,918)	822,415	3,219	1,909,315	—	(313,531)	(313,531)
Increase in salaries and benefits payable	490	—	(31)	2,472	2,931	—	—	—
Decrease in compensated absences	(3,187)	—	—	—	(3,187)	—	—	—
Increase in net pension liability	63,884	43,997	75,353	17,599	200,833	—	—	—
Decrease in total OPEB liability	(3,224)	(2,177)	(3,786)	(1,092)	(10,279)	—	—	—
Decrease in deferred inflows of resources	(31,022)	(21,518)	(36,648)	(7,819)	(97,007)	—	—	—
Net Cash Provided by (Used in) Operating Activities	**$ 3,371,584**	**$ 196,738**	**$ 1,722,359**	**$ 557,180**	**$ 5,847,861**	**$ —**	**$ (230,681)**	**$ (230,681)**

See accompanying notes to the financial statements.

(1) Summary of Significant Accounting Policies

The City of Marion, Iowa, (City) is a political subdivision of the State of Iowa located in Linn County. It was first incorporated in 1865 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council-Manager 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, culture and recreation, community and economic development and general government services. It also provides sewer and sanitation services.

The financial statements of the City of Marion have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

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

These financial statements present the City of Marion (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Certain disclosures about the Marion Water Department (Water) are not included because the component unit has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the City Clerk's office.

Discretely Presented Component Units
The Water Department is presented in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City. Its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Water Department is governed by a five-member board appointed by the City Council and the Water Department's operating budget is subject to the approval of the City Council.

The Friends of Marion Carnegie Library (Friends) is presented in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City. Its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Friends is a nonprofit organization founded to promote the use of the Library and provide financial assistance for various programs. The Organization has a year end of December 31. Accordingly, the Organization's financial information included in the statement of activities and net position is as of and for the year ended December 31, 2023.

The Marion Public Library Foundation (Library) is presented in a separate column to emphasize that it is legally separate from the City, but is financial accountable to the City. Its relationship is such that exclusion would cause the City's financial statements to be misleading or incomplete. Library is a nonprofit organization founded to raise private funds to support the mission of the Marion Public Library.

(1) Summary of Significant Accounting Policies

The Marion Parks and Recreation Foundation, Inc. (Parks) is presented in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City. Its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Parks Foundation is a nonprofit organization founded to develop parks and recreation facilities within the City and provide financial assistance for various programs. The Parks Foundation has a year end of December 31. Accordingly, the Parks Foundation's financial information included in the statement of activities and net position is as of and for the year ended December 31, 2023.

The Marion Firefighter's Association (Fire) is presented in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City. Its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Fire Association is a nonprofit organization founded to provide a structural way for volunteers and full-time firefighters to coordinate, encourage, promote and participate and to develop and implement programs aimed at meeting the needs of the City. The Fire Association has a year end of December 31. Accordingly, the Fire Association's financial information included in the statement of activities and net position is as of and for the year ended December 31, 2023.

Jointly Governed Organizations
The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Iowa League of Cities, Linn County Emergency Management Agency, Marion Economic Development Company (MEDCO) and Regional Planning Commission.

Basis of Presentation

Government-Wide Financial Statements
The statement of net position and the statement of activities report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The statement of net position presents the City's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

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

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position 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.

(1) Summary of Significant Accounting Policies

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those clearly identifiable with a specific function. Program revenue includes: (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 and contributions restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenue are reported instead as general revenue.

Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds and all internal service funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor governmental and enterprise funds, respectively.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenue from general and emergency levies and other revenue 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 expenditures, the fixed charges and the capital improvement costs not paid from other funds.

The Special Revenue, Road Use Tax Fund is used to account for the maintenance of the City's infrastructure, such as streets, bridges and storm sewers. The revenue of the Road Use Tax Fund is primarily derived from state taxes. The expenditures primarily relate to the upkeep of the City's infrastructure.

The Special Revenue, Trust and Agency (Employee Benefits) Fund is required by the Code of Iowa to account for property tax levied for employee benefits. This fund either pays benefits as expenditures (primarily police and fire pension costs) or transfers cash to the General Fund to reimburse allowable benefits paid therefrom.

The Special Revenue, Local Option Sales Tax Fund is used to account for the revenue from the tax authorized by referendum and used for capital improvements, equipment and community programs and services.

The Special Revenue, Tax Increment Financing Fund is used to account for revenue from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation bonds and other indebtedness incurred for urban renewal projects.

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

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

(1) Summary of Significant Accounting Policies

The City reports the following major proprietary funds:

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

The Enterprise, Storm Water Management Fund is used to account for the operation and maintenance of the City's storm water management system.

The Enterprise, Solid Waste Fund is used to account for the operation and maintenance of the City's solid waste collection system.

The City also reports the following additional proprietary funds:

Internal Service Funds are utilized to account for health insurance and other employee benefits provided to other departments on a cost-reimbursement basis.

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days after year end.

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

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

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

(1) Summary of Significant Accounting Policies

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's enterprise funds is user fees and charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity
The following accounting policies are followed in preparing the financial statements:

Cash and Pooled Investments
The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust, which is valued at amortized cost and nonnegotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City as of June 30, 2024 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

(1) Summary of Significant Accounting Policies

Property tax revenue recognized in these funds become due and collectible in September and March of the current fiscal year with a 1-1/2% per month penalty for delinquent payments, is based on January 1, 2022 assessed property valuations, is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March, 2023.

Unbilled Usage

Accounts receivable are recorded in the enterprise funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Due From and Due to Other Funds

During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2024, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments

Due from other governments represents amounts due from the State of Iowa, various shared revenue, grants and reimbursements from other governments.

Inventories

Inventories are valued at cost using the first-in, first-out method. Inventories in the General Fund consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Capital Assets

Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the City) are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position and in the proprietary funds statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of $3,000 for all items except for intangible assets which are $5,000. The City had no intangible assets as of June 30, 2024.

(1) Summary of Significant Accounting Policies

Capital assets of the City are depreciated/amortized using the straight-line method over the following estimated useful lives.

Asset Class	Estimated Useful Lives
Buildings	40 - 50 Years
Improvements other than buildings	5 - 50 Years
Equipment	2 - 20 Years
Infrastructure (distribution and storm sewer system)	5 - 80 Years
Intangibles	50 Years

Deferred Outflows of Resources

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

Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours and personal leave and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect as of June 30, 2024. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Road Use Tax and Sewer Rental Funds. Also see Note 10.

Long-Term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities column in the statement of net position and the proprietary fund statement of net position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

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

(1) Summary of Significant Accounting Policies

Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City of Marion GAAP City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenue is measurable, it is not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax and tax increment financing receivable not collected within 60 days after year end.

Deferred inflows of resources in the statement of net position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which it is levied and the unrecognized items not yet charged to pension or OPEB expense.

Fund Balances

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

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

Tax Stabilization

The City Council has established the Tax Stabilization Fund to provide a funding mechanism to reduce future property tax impacts. In an unusual budget year, this reserve can be used to smooth spikes in property tax. The Tax Stabilization Fund is presented as part of the General Fund in the financial statements.

(1) Summary of Significant Accounting Policies

Budgets and Budgetary Accounting
The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2024, disbursements did not exceed the amounts budgeted.

Estimates and Assumptions
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and Pooled Investments

Primary Government
The City's deposits as of June 30, 2024 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 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's cash and investments as of June 30, 2024 were as follows:

Cash	$ 87,569,241
Money market accounts	25,000
U.S. Instrumentalities	
Original maturities 5 years or less	18,145,856
Original maturities 6 to 10 years	321,316
Original maturities 10+ years	7,924,709
Total	**$ 113,986,122**

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

The recurring fair value measurement for the U.S. instrumentalities of $26,391,881 is valued using the last reported sales price at current exchange rates. (Level 1 inputs)

(2) Cash and Pooled Investments

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

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

Credit Risk
The City's U.S. Instrumentalities investments as of June 30, 2024 are rated Aaa or better by Moody's Investors service.

Discretely Presented Component Units
The Friends of Marion Carnegie Library's investments as of December 31, 2023 consist of mutual funds and other investments with a fair value of $68,463.

The Marion Public Library Foundation's investments as of December 31, 2023 consist of mutual funds and other investments with a fair value of $1,199,401.

The Marion Firefighter's Association's investments as of December 31, 2023 consist of mutual funds and other investments with a fair value of $283,094.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2024 was as follows:

	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 89,908,466	$ 220,801	$ 23,411	$ 90,105,856
Construction in progress	36,395,253	22,736,297	21,859,583	37,271,967
Total Capital Assets Not Being Depreciated	126,303,719	22,957,098	21,882,994	127,377,823
Capital Assets Being Depreciated				
Buildings	53,731,161	150,318	150,120	53,731,359
Improvements other than buildings	159,241,424	18,149,704	—	177,391,128
Equipment	20,104,090	4,878,054	1,005,596	23,976,548
Total Capital Assets Being Depreciated	233,076,675	23,178,076	1,155,716	255,099,035

(3) Capital Assets

	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
Less Accumulated Depreciation for				
Buildings	$ 10,515,640	$ 1,247,714	$ 60,323	$ 11,703,031
Improvements other than buildings	60,557,455	5,070,339	—	65,627,794
Equipment	13,435,243	1,614,306	1,004,367	14,045,182
Total Accumulated Depreciation	84,508,338	7,932,359	1,064,690	91,376,007
Net Capital Assets Being Depreciated	148,568,337	15,245,717	91,026	163,723,028
Net Governmental Activities Capital Assets	**$ 274,872,056**	**$ 38,202,815**	**$ 21,974,020**	**$ 291,100,851**
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	$ 877,450	$ 158,302	$ —	$ 1,035,752
Construction in progress	6,425,273	11,065,577	219,630	17,271,220
Total Capital Assets Not Being Depreciated	7,302,723	11,223,879	219,630	18,306,972
Capital Assets Being Depreciated				
Buildings	20,300	—	—	20,300
Equipment	3,784,321	149,319	34,378	3,899,262
Improvements other than buildings	—	5,525	—	5,525
Distribution system	38,411,332	1,799,818	—	40,211,150
Storm sewer system	41,299,575	3,447,595	—	44,747,170
Communication system	533,558	—	—	533,558
Total Capital Assets Being Depreciated	84,049,086	5,402,257	34,378	89,416,965
Less Accumulated Depreciation for				
Buildings	13,776	1,532	—	15,308
Equipment	3,359,294	82,787	29,203	3,412,878
Improvements other than buildings	—	46	—	46
Distribution system	16,223,077	523,551	—	16,746,628
Storm sewer system	11,829,547	653,622	—	12,483,169
Communication system	533,558	—	—	533,558
Total Accumulated Depreciation	31,959,252	1,261,538	29,203	33,191,587
Net Capital Assets Being Depreciated	52,089,834	4,140,719	5,175	56,225,378
Net Business-Type Activities Capital Assets	**$ 59,392,557**	**$ 15,364,598**	**$ 224,805**	**$ 74,532,350**

(3) Capital Assets

Depreciation expense was charged to functions of the primary government as follows for the year ended June 30, 2024:

Governmental Activities	
Public safety	$ 1,365,424
Public works	4,758,302
Culture and recreation	1,590,195
Community and economic development	30,420
General government	188,018
Total Depreciation Expense - Governmental Activities	**$ 7,932,359**
Business-Type Activities	
Sewer rental	$ 532,720
Solid waste	34,171
Storm water management	658,801
Urban forest utility	35,846
Total Depreciation Expense - Business-Type Activities	**$ 1,261,538**

(4) Long-Term Liabilities

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2024:

	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year	Due Within One Year	Range of Interest Rates
Governmental Activities						
General obligation bonds	$ 81,405,000	$ 4,325,000	$ 4,985,000	$ 80,745,000	$ 5,265,000	1.00% - 5.00%
Unamortized premium on general obligation bonds	3,150,148	187,956	341,585	2,996,519	341,585	N/A
Revenue bonds	12,105,934	—	230,482	11,875,452	236,144	2.43 - 5.00
Tax increment revenue bonds	3,407,293	—	280,243	3,127,050	292,839	4.17
Other long-term debt	3,586,718	—	85,474	3,501,244	142,010	6.00
Compensated absences	4,415,124	436,085	543,081	4,308,128	18,244	N/A
Nonbonded indebtedness	113,633	25,000	25,000	113,633	24,984	N/A
Net pension liability	15,166,796	1,121,705	—	16,288,501	—	N/A
Total OPEB liability	2,128,771	—	65,379	2,063,392	—	N/A
Due to component unit	360,000	—	120,000	240,000	120,000	N/A
Total	**$ 125,839,417**	**$ 6,095,746**	**$ 6,676,244**	**$ 125,258,919**	**$ 6,440,806**	
Business-Type Activities						
Promissory note	$ 320,000	$ —	$ 40,000	$ 280,000	$ 40,000	N/A
Revenue bonds	4,705,984	14,365,000	395,480	18,675,504	466,144	2.43 - 5.00
Unamortized premium revenue bonds	—	380,820	20,042	360,778	20,044	N/A
Compensated absences	41,542	—	3,187	38,355	—	N/A
Net pension liability	1,175,621	200,833	—	1,376,454	—	N/A
Total OPEB liability	137,264	—	10,279	126,985	—	N/A
Total	**$ 6,380,411**	**$ 14,946,653**	**$ 468,988**	**$ 20,858,076**	**$ 526,188**	

(4) Long-Term Liabilities

Governmental Activities
General Obligation Bonds

Seventeen issues of unmatured general obligation bonds totaling $80,745,000 were outstanding as of June 30, 2024. General obligation bonds bear interest at rates ranging from 1% to 5% per annum and mature in varying annual amounts ranging from $55,000 to $3,060,000, with the final maturities due in the year ending June 30, 2044.

Details of the City's general obligation bonds payable as of June 30, 2024 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding 6-30-24
Governmental Activities						
Corporate purpose	2-3-15	3.000%	6-1-34	$630,000 - $ 800,000	$12,180,000	$ 7,100,000
Corporate purpose	2-3-15	2.500% - 2.900	6-1-27	235,000 - 245,000	2,565,000	720,000
Corporate purpose	9-6-17	2.000 - 3.000	6-1-37	330,000 - 450,000	6,840,000	4,990,000
Refunding corporate purpose.....................	10-10-17	4.000	6-1-25	480,000	4,205,000	480,000
Corporate purpose	4-30-18	3.000	6-1-31	265,000 - 310,000	3,235,000	2,005,000
Corporate purpose	5-30-18	3.000	6-1-37	200,000 - 465,000	5,430,000	4,930,000
Corporate purpose	5-30-18	3.000	6-1-37	170,000 - 255,000	3,365,000	2,715,000
Refunding corporate purpose.....................	5-30-18	3.000	6-1-33	635,000 - 1,000,000	9,570,000	7,165,000
Refunding corporate purpose.....................	8-29-19	2.000 - 2.500	6-1-37	100,000 - 540,000	6,385,000	5,885,000
Corporate purpose	6-2-20	2.000 - 2.500	6-1-38	100,000 - 840,000	8,455,000	8,355,000
Refunding corporate purpose.....................	6-2-20	5.000	6-1-29	480,000 - 1,090,000	9,345,000	4,605,000
Corporate purpose	4-1-21	1.000 - 1.800	6-1-40	400,000 - 480,000	7,410,000	6,915,000
Refunding corporate purpose.....................	4-1-21	2.000	6-1-30	160,000 - 175,000	1,450,000	1,000,000
Corporate purpose	5-10-22	3.000 - 5.000	6-1-41	415,000 - 1,525,000	10,305,000	9,910,000
Corporate purpose	6-1-23	5.000	6-1-43	55,000 - 530,000	6,585,000	6,585,000
Refunding corporate purpose.....................	6-1-23	4.395	6-1-26	3,060,000	3,060,000	3,060,000
Corporate purpose	6-11-24	4.000 - 5.000	6-1-44	60,000 - 320,000	4,325,000	4,325,000
						$ 80,745,000

General Obligation Disaster Recovery Bond

During the year ended June 30, 2021, the City entered into a general obligation disaster recovery loan agreement with a bank to borrow up to $40 million which is being used to finance the City's capital projects related to derecho damage including the removal and disposition of structural and vegetative debris from the City's right-of-way and waterways and to repair damaged infrastructure. The City has four years from the closing date to draw on the loan. As of June 30, 2024, there was no outstanding balance as it was paid off with a refunding corporate purpose general obligation bond.

Road Use Tax Revenue Bond

The City issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service.

(4) Long-Term Liabilities

The City has pledged future road use taxes to repay a road use tax revenue note. Proceeds from the notes provided financing for the construction of a public service maintenance facility and related land improvements. The notes are payable solely from road use taxes received and are payable through 2043 with an interest rate of 2.43% and 5.00%. The total principal and interest remaining to be paid on the notes is $17,464,517. For the current year, principal and interest paid and total road use taxes received were $739,751 and $5,872,739, respectively.

Tax Increment Revenue Bonds

The City has issued urban renewal tax increment revenue bonds for the purpose of defraying portions of the cost of carrying out urban renewal projects of the City. The bonds are payable solely from the income and proceeds of the Tax Increment Financing (TIF) special revenue funds and the taxes are to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. Debt service is paid primarily from the General Obligation Debt Service Fund. Transfers are made from the TIF funds for the TIF taxes being used for debt service. The proceeds of the urban renewal tax increment revenue bonds are to be expended only for purposes which are consistent with the City's urban renewal area plans. The bonds are not a general obligation of the City; however, most of the debt is subject to the constitutional debt limitation of the City and have been issued as General Obligation Urban Renewal Bonds. The debt that is not subject to the constitutional debt limit includes principal and interest due later than one year from the balance sheet date for certain annual appropriation notes.

During the year ended June 30, 2018, the City entered into a development agreement and issued a draw down Tax Increment Revenue Bond in a principal amount not to exceed $4,500,000 to fund the agreement. As of June 30, 2024, there was an outstanding balance of $3,127,050 with an interest rate of 4.17%. Annual principal and interest payments started December 1, 2019 and continue through June, 2033.

Other Long-Term Debt

During the year ended June 30, 2021, the City entered into a development agreement and issued a draw down loan in a principal amount not to exceed $3,620,000 to fund the agreement. Interest only on the unpaid outstanding balance shall be payable on December 1, 2021 and June 1, 2022. As of June 30, 2024, there was an outstanding balance of $3,501,244 with an interest rate of 6%. Annual principal and interest payments started December 1, 2022 and will continue through December 1, 2034.

Business-Type Activities

As of June 30, 2024, there were the following outstanding enterprise fund revenue bonds outstanding:

Fund	Number of Bonds Outstanding	Interest Rate	Principal and Interest Payments Due Through
Sewer	2	2.43 - 5.00%	June, 2043
Solid Waste	2	2.43 - 5.00	June, 2043

Revenue Bonds

The City issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service.

(4) Long-Term Liabilities

The City has pledged future sewer customer revenue, net of specified operating expenses, to repay sewer revenue notes. Proceeds from the notes provided financing for the construction of a public service maintenance facility and related land improvements. The notes are payable solely from sewer customer net revenue and are payable through 2043. Net revenue is required to be at least 125% of the current year debt service. The total principal and interest remaining to be paid on the notes is $13,187,917. For the current year, principal and interest paid and total customer net revenue (operating income plus depreciation) was $570,464 and $2,210,218, respectively.

The City has pledged future solid waste customer revenue, net of specified operating expenses, to repay solid waste revenue notes. Proceeds from the notes provided financing for the construction of a public service maintenance facility and related land improvements. The notes are payable solely from solid waste customer net revenue and are payable through 2043. Net revenue is required to be at least 125% of the current year debt service. The total principal and interest remaining to be paid on the notes is $14,283,702. For the current year, principal and interest paid and total customer net revenue (operating income plus depreciation) was $408,032 and $1,092,279, respectively.

Promissory Note

During the year ended June 30, 2022, the City entered into a loan agreement with the Linn County Rural Electric Cooperative to borrow $360,000. The loan will be repaid with equal annual principal payments in the amount of $40,000, commencing in the year ended June 30, 2022 and continuing in the same amount until the entire amount is paid in full. As of June 30, 2024, there was an outstanding balance of $280,000 with an interest rate of 0%.

Due To Component Unit

During the year ended June 30, 2023, the Marion Water Department purchased 19.94 acres of land. Of the land purchased, 17 acres shall be dedicated to parkland for the City and the remainder shall be dedicated to a future elevated water tower for the Marion Water Department. The City shall pay the Marion Water Department $30,000 per acre for the 17 acres of dedicated parkland for a total of $510,000.

During the year ended June 30, 2024, the City paid the Marion Water Department $120,000. In the statement of net position, $120,000 is recorded as the current portion of due to component unit and $120,000 is recorded as noncurrent.

Year Ending June 30,	
2025	$ 120,000
2026	120,000
Total	**$ 240,000**

(4) Long-Term Liabilities

Debt Service Requirements

Annual debt service requirements to maturity for general obligation bonds, tax increment revenue bonds, revenue bonds and due to component unit as of June 30, 2024 were as follows:

Year Ending June 30,	Governmental Activities					
	General Obligation Bonds		Tax Increment Revenue Bonds		Road Use Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 5,265,000	$ 2,588,502	$ 292,839	$ 127,345	$ 236,144	$ 476,136
2026	8,720,000	2,415,656	305,178	115,006	241,947	470,334
2027	5,860,000	2,095,639	318,036	102,148	247,892	464,388
2028	5,800,000	1,909,459	331,437	88,747	253,984	458,297
2029	5,835,000	1,718,609	345,402	74,782	260,225	452,056
2030-2034	26,730,000	6,126,433	1,534,158	147,334	5,035,260	1,778,104
2035-2039	17,080,000	2,577,281	—	—	2,810,000	1,132,250
2040-2044	5,455,000	535,540	—	—	2,790,000	357,500
Net unamortized bond	80,745,000	19,967,119	3,127,050	655,362	11,875,452	5,589,065
Premium	2,996,519	—	—	—	—	—
Net	**$ 83,741,519**	**$ 19,967,119**	**$ 3,127,050**	**$ 655,362**	**$ 11,875,452**	**$ 5,589,065**

Year Ending June 30,	Governmental Activities		Business-Type Activities			
	Due to Component Unit		Promissory Note		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 120,000	$ —	$ 40,000	$ —	$ 466,144	$ 778,179
2026	120,000	—	40,000	—	481,948	760,877
2027	—	—	40,000	—	502,892	742,921
2028	—	—	40,000	—	518,984	724,089
2029	—	—	40,000	—	540,224	704,599
2030-2034	—	—	80,000	—	6,620,312	2,818,817
2035-2039	—	—	—	—	4,820,000	1,737,213
2040-2044	—	—	—	—	4,725,000	529,423
Net unamortized bond	240,000	—	280,000	—	18,675,504	8,796,118
Premium	—	—	—	—	360,778	—
Net	**$ 240,000**	**$ —**	**$ 280,000**	**$ —**	**$ 19,036,282**	**$ 8,796,118**

Year Ending June 30,	Total	
	Principal	Interest
2025	$ 6,420,127	$ 3,970,162
2026	9,909,073	3,761,873
2027	6,968,820	3,405,096
2028	6,944,405	3,180,592
2029	7,020,851	2,950,046
2030-2034	39,999,730	10,870,688
2035-2039	24,710,000	5,446,744
2040-2044	12,970,000	1,422,463
Net unamortized bond	114,943,006	35,007,664
Premium	3,357,297	—
Net	**$ 118,300,303**	**$ 35,007,664**

(4) Long-Term Liabilities

Interest expense and other charges recorded in the governmental funds types totaled $3.3 million for the year ended June 30, 2024. Interest expense and other charges in the proprietary fund types totaled $870,000.

Revenue Bond Resolution Requirements
The governmental and business-type activities revenue bond resolutions contain significant limitations and restrictions on annual debt service requirements, require minimum amounts to be maintained in various restricted accounts to provide for payment of principal and interest and require minimum revenue bond coverage. As of June 30, 2024, the City was in compliance with these covenants.

Interfund Loans
In March, 2014, the City approved an interfund loan from the Enterprise - Sewer Rental Replacement Fund to the Special Revenue - Tax Increment Financing Fund for a period not to exceed ten years at 2.5% annual interest. This loan was used to fund an economic development incentive payment to PDS Investments, LLC. The City has begun making repayments.

Lending Fund	Borrowing Fund	Original Loan	Outstanding 6-30-24
Enterprise - Sewer Rental Replacement	Special Revenue - Tax Increment Financing	$250,000	$55,057

In June, 2014, the City approved an interfund loan from the Enterprise - Sewer Rental Replacement Fund to the Capital Projects Fund for a period not to exceed 20 years at 2.5% annual interest. This loan was used to fund an economic development incentive payment to Capital Commercial Division, LLC. The City will use TIF funds to repay this loan once the TIF district has the funds.

Lending Fund	Borrowing Fund	Original Loan	Outstanding 6-30-24
Enterprise - Sewer Rental Replacement	Capital Projects	$300,000	$120,551

(5) Summary of Nonbonded Indebtedness

During the year ended June 30, 2001, the City entered into an agreement with a donor to pay an annuity of $25,000 each year for as long as the donor lives in exchange for a gift of 180 acres of land to be used for park purposes. Using an estimated life span based on annuity tables and discounted at the City's estimated incremental borrowing rate of 2%, an estimated liability of $113,633 was calculated. This annuity liability is revalued annually based upon changes in life expectancy and discount rates.

Since the development of this land for park purposes is not expected to be fully completed for many years, the agreement with the donors allows the City to lease this land or any part of it for farming purposes pending full development. In October, 2012, the City entered into a one-year agreement to lease 66 acres of cropland at $250 per acre per year subject to proportionate reduction as land is developed. In September, 2013, October, 2014, September, 2015, November, 2016, November, 2017, November, 2018, November, 2019, December, 2020, December, 2021, December, 2022 and December, 2023, a one-year extension of the lease was approved.

(6) Right of Use Assets and Lease Obligations

Government Accounting Standards Statement 87, *Leases*, requires that an asset and liability be recorded in the government-wide financial statements for property and equipment under leases. The City has determined that the effects of the accounting standard are not material to the government-wide financial statements and continues to expense lease payments as incurred.

(7) Interfund Transfers

Transfer to	Transfer From	Amount
General	Capital Projects	$ 2,000,000
	Special Revenue	
	Trust and Agency (Employee Benefits)	6,555,358
	Road Use Tax	75,000
	Tax Increment Financing	457,626
	Enterprise	
	Sewer Rental	75,000
	Solid Waste	75,000
	Urban Forest Utility	30,453
	Storm Water Management	75,000
		9,343,437
Special Revenue		
Road Use Tax	Capital Projects	2,000,000
	Special Revenue	
	Trust and Agency (Employee Benefits)	894,119
	Enterprise	
	Urban Forest Utility	5,000
		2,899,119
Capital Projects	Special Revenue	
	Local Option Sales Tax	5,675,714
	Tax Increment Financing	360,371
	Enterprise	
	Sewer Rental Replacement	76,364
		6,112,449
Debt Service	General	7,500
	Special Revenue	
	Local Option Sales Tax	200,000
	Tax Increment Financing	2,340,747
	Enterprise	
	Urban Forest Utility	10,673
		2,558,920

(7) Interfund Transfers

Transfer to	Transfer From	Amount
Enterprise		
Sewer Rental	Capital Projects	$ 711,615
Enterprise		
Solid Waste	Solid Waste Replacement	675,450
Enterprise		
Storm Water Management	Capital Projects	2,064,882
Enterprise	Capital Projects	2,000,000
Sewer Rental Replacement	Debt Service	40,000
		2,040,000
Enterprise		
Urban Forest	Urban Forest Replacement	93,610
Enterprise		
Urban Forest Replacement	Urban Forest	100,000
Internal Service		
Health Insurance	General	419,959
	Special Revenue	
	Trust and Agency (Employee Benefits)	263,205
	Road Use Tax	123,783
		806,947
Employee Benefits	General	10,953
		$ 27,417,382

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

(8) Pension and Retirement Benefits

The City offers City employees the following retirement plans:

IPERS
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 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.

(8) Pension and Retirement Benefits

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

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

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

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

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

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

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

(8) Pension and Retirement Benefits

Contributions

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

In fiscal year 2024 pursuant to the required rate, regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protective occupation members contributed 6.21% of covered payroll and the City contributed 9.31% of covered payroll, for a total rate of 15.52%.

The City's contributions to IPERS for the year ended June 30, 2024 were $1,022,129.

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

As of June 30, 2024, the City reported a liability of $5,360,419 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. As of June 30, 2023, the City's proportion was 0.096961% which was a decrease of 0.022802% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of $568,250. As of June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 453,499	$ 22,033
Changes of assumptions	—	85
Net difference between projected and actual earnings on IPERS' investments	496,440	—
Changes in proportion and differences between City contributions and proportionate share of contributions	213,121	104,477
City contributions subsequent to the measurement date	1,022,129	—
Total	**$ 2,185,189**	**$ 126,595**

(8) Pension and Retirement Benefits

$1,022,129 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2025	$ (57,104)
2026	(370,124)
2027	1,211,646
2028	217,613
2029	34,477
Total	**$ 1,036,508**

There were no nonemployer contributing entities to IPERS.

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00%, compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

(8) Pension and Retirement Benefits

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
Total	**100.0%**	

Discount Rate

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, 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 one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	$11,397,445	$5,360,419	$301,291

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*.

Payables to IPERS

All legally required employer contributions and legally required employee contributions which had been withheld from employee wages were remitted by the City to IPERS by June 30, 2024.

(8) Pension and Retirement Benefits

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

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

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

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

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

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

(8) Pension and Retirement Benefits

Disability and Death Benefits

Disability benefits may be either accidental or ordinary. Accidental disability is defined as a permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation, for those with five or more years of service, or the member's service retirement benefit calculation amount, and 25% of average final compensation for those with less than five years of service.

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

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

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

Contributions

Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2024.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 22.98% for the year ended June 30, 2024.

The City's contributions to MFPRSI for the year ended June 30, 2024 were $1,711,454.

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

There were no state appropriations to MFPRSI during the year ended June 30, 2024.

(8) Pension and Retirement Benefits

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

As of June 30, 2024, the City reported a liability of $12,304,536 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. As of June 30, 2023, the City's proportion was 1.964956% which was a decrease of 0.13943% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of $1,769,671. As of June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 940,084	$ —
Changes of assumptions	61,987	—
Net difference between projected and actual earnings on MFPRSI's investments	783,491	—
Changes in proportion and differences between City contributions and proportionate share of contributions	—	322,284
City contributions subsequent to the measurement date	1,769,671	—
Total	**$ 3,555,233**	**$ 322,284**

$1,769,671 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2025	$ 39,317
2026	(492,792)
2027	1,722,405
2028	195,550
2029	(1,204)
Total	**$ 1,463,276**

(8) Pension and Retirement Benefits

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00%.
Salary increases	3.75% to 15.11%, including inflation.
Investment rate of return	7.50%, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2022.

Postretirement mortality rates were based on the RP-2014 Blue Collar Combined Healthy Annuitant Table with males set-forward zero years, females set-forward two years and disabled individuals set-forward three years (male-only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., 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 best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Broad Fixed Income	4.9%
Broad U.S. Equity	7.1
Global Equity	7.2
Broad Non-US Equity	7.4
Managed Futures	5.2
Real Estate - Core	6.8
Opportunistic Real Estate	11.1
Global Infrastructure	6.9
Private Credit	10.1
Private Equity	12.1

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on MFPRSI's investments was applied to all periods of projected benefit payments to determine the total pension liability.

(8) Pension and Retirement Benefits

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, 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 one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	$21,549,292	$12,304,536	$4,651,692

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

Payables to MFPRSI
All legally required employer contributions and legally required employee contributions which had been withheld from employee wages were remitted by the City to MFPRSI by June 30, 2024.

(9) Other Postemployment Benefits (OPEB)

Plan Description
The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees, spouses and their dependents. Group insurance benefits are established under Iowa Code Chapter 509A.13. As of June 30, 2024, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Retired participants must be age 55 or older at retirement, been a full-time employee for at least 12 years and completed 15 years of continuous service to the City. As of June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	20
Active employees	213
Total	**233**

(9) Other Postemployment Benefits (OPEB)

Total OPEB Liability
The City's total OPEB liability of $2,190,377 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions
The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and the entry age normal level percentage of pay actuarial cost method, applied to all periods included in the measurements.

Rate of inflation (effective June 30, 2023)..	2.50% per year.
Rates of salary increase (effective June 30, 2023)	3.00% per year.
Discount rate (effective June 30, 2023)	3.65% compounded annually.
Healthcare cost trend rate (effective June 30, 2024)..........................	6.00% per year.

Discount Rate
The discount rate used to measure the total OPEB liability was 3.65% which reflects the bond buyer index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2021 generational projection of future mortality improvement. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used for IPERS.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Changes in Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability - Beginning of Year	$ 2,266,035
Changes for the Year	
Service cost	90,114
Interest..	79,402
Difference between expected and actual experience	177,002
Changes of assumptions..	(293,353)
Benefit payments	(128,823)
Net Changes	(75,658)
Total OPEB Liability - End of Year	**$ 2,190,377**

(9) Other Postemployment Benefits (OPEB)

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate.

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	$2,383,239	$2,190,377	$2,016,507

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (5.00%) or one percentage point higher (7.00%) than the current healthcare cost trend rate.

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB Liability	$1,987,408	$2,190,377	$2,426,473

OPEB Expense and Deferred (Inflows) and Outflows of Resources Related to OPEB
For the year ended June 30, 2024, the City recognized OPEB expense of $231,164. As of June 30, 2024, the City reported deferred (inflows) and outflows of resources related to OPEB from the following sources:

	Deferred (Inflows) Outflows of Resources
Differences between expected and actual experience	$ (302,596)
Changes of assumptions	943,841
Total	**$ 641,245**

The amount reported as deferred (inflows) and outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2025	$ 61,648
2026	61,648
2027	61,648
2028	61,648
2029	61,648
Thereafter	333,005
Total	**$ 641,245**

(10) Compensated Absences

City employees accumulate vacation hours for subsequent use or for payment upon termination, retirement or death. Employees covered under the International Association of Firefighters contract are also eligible for compensation at normal retirement of accumulated sick leave in excess of 90 days, to a maximum payment of 60 days. Employees covered under the Marion Policeman's Protective Association contract are eligible for compensation at normal retirement of 50% of their sick leave accumulated, to a maximum of 60 days. For employees covered under the AFSCME contract, Marion Water Department employees and all other nonunion City employees, sick leave can be accumulated but is payable only when used. City employees may also accumulate compensatory hours for overtime worked to be used subsequently or paid out upon termination, retirement or death. The City's approximate maximum liability for earned compensated absences payable to employees, including related tax and fringe amounts, is as follows:

Type of Benefit	Amount 6-30-24
Primary Government	
Sick leave	$ 859,303
Vacation and personal leave	1,903,480
Compensatory time	1,583,700
	$ 4,346,483

The above liabilities have been computed based on rates of pay as of June 30, 2024.

(11) Employee Health Care Plan

The City self-funds for health insurance claims to a stop-loss insured amount of $50,000 per participant and a 125% aggregate stop-loss amount based on the “pure premiums” amount multiplied by the number of single and family contracts covered during the contract year. The following is a summary of claims paid during the year and an estimate of the claims incurred, but not reported as of June 30, 2024:

	Primary Government	Discretely Presented Component Unit - Marion Water Department	Total
Claims paid during the year	$ 2,226,481	$ 86,200	$ 2,312,681
Estimated claims incurred but unpaid at June 30, 2024	257,609	15,681	273,290

The City has chosen to establish a risk financing fund for risks associated with the employees’ health insurance plan. The risk financing is accounted for as an internal service fund where assets are set aside for claim settlements. The cost of these benefits is charged to each department and fund based upon the number of employees whose salary is charged to the department and fund and the type of plan (single or family) chosen by the employee. Amounts charged are approximately $578 per month single and $1,446 - $1,705 per month family which is an actuarially determined amount with a reasonable provision for future unexpected claims. Employees pay a set amount per month based on coverage and other factors. The amount charged will be adjusted over a reasonable period of time so that the internal service fund receipts and disbursements are approximately equal.

(12) Related Party Transactions

The Marion Water Department bills and collects for sewer, garbage and urban forest services provided for the City of Marion to its residents. During the year ended June 30, 2024, the Marion Water Department collected and remitted to the City $8,967,762 for sewer, $2,998,286 for garbage and $801,849 for urban forest services. Fees paid to the Water Department by the City during the year to pay for this service totaled $172,538, of which $13,061 was payable as of June 30, 2024.

The Marion Water Department purchased land for the benefit of the City and the Marion Water Department as discussed in Note 4 to the financial statements during the year ended June 30, 2023. For the year ended June 30, 2024, the City paid the Marion Water Department $120,000 for the land and $240,000 was accrued as a payable as of June 30, 2024.

A total of $33,058 was receivable from the Marion Water Department as of June 30, 2024 for various items.

(13) Risk Management

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 803 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, employment practices liability, public officials liability, cyber liability and property. There have been no reductions in insurance coverage from prior years.

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

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

The City's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2024 were $368,801.

(13) Risk Management

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or loss was incurred.

The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, as of June 30, 2024, no liability has been recorded in the City's financial statements. As of June 30, 2024, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

Iowa Municipalities Workers' Compensation Association

The City is a member of the Iowa Municipalities Workers' Compensation Association (Association). The Association is a local government risk-sharing pool whose approximately 500 members include various municipal and county governments throughout the State of Iowa. The Pool was formed in July, 1981 to formulate, develop and administer, on behalf of the member governments, a program of joint self-insurance to stabilize costs related to members' workers' compensation liabilities. Program components include claims management, member education and loss control services. There have been no reductions in insurance coverage from prior years.

Each member pays annual premiums determined by using applicable standard rates for the exposure to risk and applicable experience modification factors of the National Council on Compensation Insurance. Each member may be subject to additional premiums to pay its pro rata share of claims which exceeds the Association's resources available to pay such claims. A distribution to members may also be made if the Association has excess monies remaining after payment of claims and expenses.

(13) Risk Management

The City's premium contributions to the Association are recorded as expenditures from its operating funds at the time of payment to the risk pool. Premiums paid to the Association for the year ended June 30, 2024 were $74,938.

The Association uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. Claims exceeding $750,000 are reinsured in an amount not to exceed $2,000,000 per occurrence.

Members may withdraw from the Association at any time provided they provide assets for settlement of all pending claims.

(14) Development Agreements

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

The total amount rebated during the year ended June 30, 2024 was $1,399,647. The estimated outstanding balance of the agreements as of June 30, 2024 was approximately $25.3 million.

These agreements are not a general obligation of the City. However, the agreements are subject to the constitutional debt limitation of the City, except for approximately $25.3 million which requires an annual appropriation by the City Council.

(15) Tax Abatements

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

City Tax Abatements

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

For the year ended June 30, 2024, the City abated $1,399,647 of property tax under the urban renewal and economic development projects.

(16) Commitments and Contingencies

Risk Management
The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. See Note 13. Settled claims from these risks have not exceeded commercial insurance coverage in the past three fiscal years.

Contingencies
The City is involved in various lawsuits in the normal course of business. The City's management cannot predict the outcome of the lawsuits. Management believes that losses resulting from these matters, if any, would be primarily covered under the City's insurance policies and would not have a material effect on the financial position of the City.

(17) Construction Commitments and Subsequent Events

As of June 30, 2024, the City had entered into several construction contracts and agreements to purchase equipment and supplies totaling approximately $23.8 million.

Management has evaluated subsequent events through January 24, 2025, the date which the financial statements were available to be issued.

Subsequent to June 30, 2024, the City entered into the following transactions:

- Approved several construction contracts and agreements to purchase equipment. These agreements totaled approximately $10.3 million.
- Approved several development agreements totaling $7,795,000.
- Approved several grant agreements totaling $9,500,000 that the City will be reimbursed for several construction projects.

(18) Restatements and Adjustments of Beginning Net Position and Fund Balances

During the year ended June 30, 2024, the City determined that the inventory should be reported in the Road Use Tax Fund instead of the General Fund as it has been done in the past. The effect of correcting the error is shown in the table below. The error correction resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

	Previously Reported	Error Correction (A)	Restated
Governmental Fund			
Major Funds			
General	$ 15,852,228	$ (371,225)	$ 15,481,003
Road Use Tax	11,539,824	371,225	11,911,049
Total Governmental Funds	**$ 27,392,052**	**$ —**	**$ 27,392,052**

Required Supplementary Information

Schedule of Budgetary Comparison of Receipts, Disbursements and Changes in Balances - Budget to Actual (Cash Basis) - Governmental Funds and Proprietary Funds

Year Ended June 30, 2024

	Actual			Budgeted Amounts		Over
	Governmental Funds	Enterprise Funds	Total	Original	Final	(Under) Budget
Receipts						
Property tax	$ 28,637,247	$ —	$ 28,637,247	$ 28,435,146	$ 28,435,146	$ 202,101
Tax increment financing	5,596,704	—	5,596,704	5,377,137	5,377,137	219,567
Other city tax	9,821,867	—	9,821,867	9,331,303	9,331,303	490,564
Licenses and permits	829,705	3,600	833,305	715,240	715,240	118,065
Use of money and property	4,005,100	1,288,724	5,293,824	1,320,699	1,620,699	3,673,125
Intergovernmental	28,042,118	—	28,042,118	25,340,409	25,360,409	2,681,709
Charges for service	863,057	20,846,728	21,709,785	20,342,105	20,342,105	1,367,680
Special assessments	836	—	836	—	—	836
Miscellaneous	4,160,299	3,422,283	7,582,582	1,472,416	2,260,916	5,321,666
Total Receipts	**81,956,933**	**25,561,335**	**107,518,268**	**92,334,455**	**93,442,955**	**14,075,313**
Disbursements						
Public safety	17,486,072	—	17,486,072	18,182,377	19,274,377	(1,788,305)
Public works	7,630,657	—	7,630,657	8,687,841	9,103,341	(1,472,684)
Health and social services	523,931	—	523,931	488,007	524,007	(76)
Culture and recreation	6,506,881	—	6,506,881	6,898,791	7,107,491	(600,610)
Community and economic development	3,525,221	—	3,525,221	3,901,837	3,755,337	(230,116)
General government	3,282,817	—	3,282,817	3,551,922	3,637,922	(355,105)
Debt service	8,802,256	—	8,802,256	8,584,218	9,049,218	(246,962)
Capital projects	24,560,999	—	24,560,999	42,861,000	42,861,000	(18,300,001)
Business-type activities	—	29,146,449	29,146,449	44,989,099	35,269,099	(6,122,650)
Total Disbursements	**72,318,834**	**29,146,449**	**101,465,283**	**138,145,092**	**130,581,792**	**(29,116,509)**
Receipts Over (Under) Disbursements	**9,638,099**	**(3,585,114)**	**6,052,985**	**(45,810,637)**	**(37,138,837)**	**43,191,822**
Other Financing Sources, Net	**2,521,620**	**17,303,884**	**19,825,504**	**26,386,000**	**26,521,000**	**(6,695,496)**
Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	**12,159,719**	**13,718,770**	**25,878,489**	**(19,424,637)**	**(10,617,837)**	**36,496,326**
Balances - Beginning of Year	74,441,176	24,722,297	99,163,473	95,762,795	95,762,795	3,400,678
Balances - End of Year	**$ 86,600,895**	**$ 38,441,067**	**$ 125,041,962**	**$ 76,338,158**	**$ 85,144,958**	**$ 39,897,004**

Schedule of Budgetary Comparison - Budget to GAAP Reconciliation

Year Ended June 30, 2024

	Governmental Funds		
	Cash Basis	Accrual Adjustments	GAAP Basis
Revenue	$ 81,956,933	$ (13,924,106)	$ 68,032,827
Expenditures	72,318,834	(6,313,348)	66,005,486
Net	9,638,099	(7,610,758)	2,027,341
Other financing sources (uses), net	2,521,620	(2,093,124)	428,496
Beginning fund balances	74,441,176	5,562,963	80,004,139
Ending Fund Balances	**$ 86,600,895**	**$ (4,140,919)**	**$ 82,459,976**

	Proprietary Funds			
	Cash Basis	Adjustment for Component Unit	Accrual Adjustments	GAAP Basis
Revenue	$ 25,561,335	$ (7,580,875)	$ (670,217)	$ 17,310,243
Expenditures	29,146,449	(6,732,698)	(11,028,726)	11,385,025
Net	(3,585,114)	(848,177)	10,358,509	5,925,218
Other financing sources (uses), net	17,303,884	—	(12,834,877)	4,469,007
Beginning fund balances	24,722,297	(3,985,183)	46,089,283	66,826,397
Ending Fund Balances	**$ 38,441,067**	**$ (4,833,360)**	**$ 43,612,915**	**$ 77,220,622**

Notes to Required Supplementary Information - Budgetary Reporting

Year Ended June 30, 2024

The budgetary comparison is presented as required supplementary information in accordance with Government 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 for the internal service, trust fund and component units. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business-type. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Permanent Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment decreased budgeted disbursements by $7,563,330. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2024, disbursements did not exceed the amounts budgeted.

Schedule of Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System

Last Ten Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability...........	0.096961%	0.119763%	(0.047577)%	0.113902%	0.113830%	0.105347%	0.104809%	0.100281%	0.098894%	0.098683%
City's proportionate share of the net pension liability..	$5,360,419	$4,524,807	$164,247	$8,001,307	$6,591,484	$6,666,639	$6,981,586	$6,311,031	$4,885,852	$3,913,656
City's covered-employee payroll...........................	$10,429,000	$9,646,000	$9,509,000	$9,041,000	$8,667,000	$7,921,000	$7,827,000	$7,200,000	$6,778,000	$6,458,000
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll..	51.40%	46.91%	1.73%	88.50%	76.05%	84.16%	89.20%	87.65%	72.08%	60.60%
Plan fiduciary net position as a percentage of the total pension liability	87.91%	91.41%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

Schedule of Contributions
Iowa Public Employees' Retirement System

Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 1,022,129	$ 984,544	$ 910,554	$ 897,641	$ 853,459	$ 818,224	$ 707,409	$ 698,972	$ 642,963	$ 605,312
Contributions in relation to the statutorily required contributions	(1,022,129)	(984,544)	(910,554)	(897,641)	(853,459)	(818,224)	(707,409)	(698,972)	(642,963)	(605,312)
Contribution Deficiency (Excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
City's covered-employee payroll	$ 10,826,000	$ 10,429,000	$ 9,646,000	$ 9,509,000	$ 9,041,000	$ 8,667,000	$ 7,921,000	$ 7,827,000	$ 7,200,000	$ 6,778,000
Contributions as a percentage of covered-employee payroll	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

Year Ended June 30, 2024

Changes of Benefit Terms
There were no significant changes in benefit terms.

Changes of Assumptions
The 2023 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 unfunded actuarial liability (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.

Schedule of Proportionate Share of the Net Pension Liability
Municipal Fire and Police Retirement System of Iowa

Last Ten Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	1.964956%	2.104386%	2.086724%	1.989205%	2.031844%	2.033115%	2.010125%	1.899570%	1.858084%	1.839468%
City's proportionate share of the net pension liability	$12,304,536	$11,817,610	$4,686,242	$15,865,905	$13,327,405	$12,105,238	$11,788,882	$11,877,269	$8,729,543	$6,668,039
City's covered-employee payroll	$7,133,000	$7,101,000	$6,781,000	$6,320,000	$6,151,000	$5,855,000	$5,693,000	$5,148,000	$4,873,000	$4,697,000
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	172.50%	166.42%	69.11%	251.04%	216.67%	206.75%	207.08%	230.72%	179.14%	141.96%
Plan fiduciary net position as a percentage of the total pension liability	83.53%	84.62%	93.62%	76.47%	79.94%	81.07%	80.60%	78.20%	83.04%	86.27%

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

Schedule of Contributions
Municipal Fire and Police Retirement System of Iowa

Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 1,711,454	$ 1,704,668	$ 1,859,140	$ 1,716,244	$ 1,542,658	$ 1,600,403	$ 1,503,683	$ 1,475,656	$ 1,429,516	$ 1,481,801
Contributions in relation to the statutorily required contributions	(1,711,454)	(1,704,668)	(1,859,140)	(1,716,244)	(1,542,658)	(1,600,403)	(1,503,683)	(1,475,656)	(1,429,516)	(1,481,801)
Contribution Deficiency (Excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
City's covered-employee payroll	$ 7,701,000	$ 7,133,000	$ 7,101,000	$ 6,781,000	$ 6,320,000	$ 6,151,000	$ 5,855,000	$ 5,693,000	$ 5,148,000	$ 4,873,000
Contributions as a percentage of covered-employee payroll	22.22%	23.90%	26.18%	25.31%	24.41%	26.02%	25.68%	25.92%	27.78%	30.41%

Changes of Benefit Terms

There were no significant changes of benefit terms.

Changes of Assumptions

The 2018 valuation changed postretirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

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

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

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

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

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

For the Last Seven Years

	2024	2023	2022	2021	2020	2019	2018
Service cost..........	$ 90,114	$ 101,214	$ 98,266	$ 67,653	$ 65,683	$ 42,442	$ 42,440
Interest	79,402	48,882	48,300	58,164	57,626	44,193	47,187
Differences between expected and actual experience	177,002	—	298,457	—	(29,652)	(15,965)	(12,596)
Changes of assumptions......	(293,353)	—	253,987	—	515,428	—	—
Benefit payments..	(128,823)	(134,063)	(110,555)	(116,893)	(102,921)	(140,093)	(158,486)
Net Change in Total OPEB Liability	(75,658)	16,033	588,455	8,924	506,164	(69,423)	(81,455)
Total OPEB Liability - Beginning of Year	2,266,035	2,250,002	1,661,547	1,652,623	1,146,459	1,215,882	1,297,337
Total OPEB Liability - End of Year......	**$ 2,190,377**	**$ 2,266,035**	**$ 2,250,002**	**$ 1,661,547**	**$ 1,652,623**	**$ 1,146,459**	**$ 1,215,882**
Covered-Employee Payroll.............	**$16,422,122**	**$16,140,049**	**$15,669,950**	**$14,803,000**	**$14,837,000**	**$14,645,000**	**$13,425,000**
Total OPEB Liability as a Percentage of Covered-Employee Payroll.............	**13.3%**	**14.0%**	**14.4%**	**11.2%**	**11.1%**	**7.8%**	**9.0%**

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes of Benefit Terms

There were no significant changes in benefit terms.

Changes of Assumptions

The 2023 valuation implemented the following refinement as a result of a new actuarial opinion dated June 30, 2023:

- The discount was changed from 2.14% to 3.65%

Supplementary Information

Combining Balance Sheet - Nonmajor Governmental Funds

As of June 30, 2024

	Special Revenue	Capital Projects			Permanent	
	Community Development Block Grant	Park Development	Maintenance Bond	Subdivision Development	Cemetery Perpetual Care	Total
Assets						
Current Assets						
Cash	$ 55,542	$ 200,396	$ 592,894	$ 342,659	$ 236,234	$ 1,427,725
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 4,050	$ —	$ —	$ —	$ —	$ 4,050
Fund Balances						
Nonspendable						
Cemetery perpetual care	—	—	—	—	236,234	236,234
Restricted for						
Economic development	51,492	—	—	—	—	51,492
Committed for						
Capital projects	—	—	592,894	—	—	592,894
Assigned for						
Capital projects	—	200,396	—	342,659	—	543,055
Total Fund Balances	51,492	200,396	592,894	342,659	236,234	1,423,675
Total Liabilities and Fund Balances	$ 55,542	$ 200,396	$ 592,894	$ 342,659	$ 236,234	$ 1,427,725

Combining Schedule of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year Ended June 30, 2024

	Special Revenue	Capital Projects			Permanent	
	Community Development Block Grant	Park Development	Maintenance Bond	Subdivision Development	Cemetery Perpetual Care	Total
Revenue						
Use of money and property	$ —	$ 9,514	$ 27,693	$ —	$ —	$ 37,207
Intergovernmental	62,973	—	—	—	6,980	69,953
Charges for service	—	—	26,593	88,917	—	115,510
Total Revenue	**62,973**	**9,514**	**54,286**	**88,917**	**6,980**	**222,670**
Expenditures						
Operating						
Community and economic development	**74,298**	**—**	**—**	**—**	**—**	**74,298**
Revenue Over (Under) Expenditures	**(11,325)**	**9,514**	**54,286**	**88,917**	**6,980**	**148,372**
Fund Balances - Beginning of Year	62,817	190,882	538,608	253,742	229,254	1,275,303
Fund Balances - End of Year	**$ 51,492**	**$ 200,396**	**$ 592,894**	**$ 342,659**	**$ 236,234**	**$ 1,423,675**

Combining Schedule of Net Position - Nonmajor Enterprise Funds

As of June 30, 2024

	Sewer Rental Replace-ment	City Communi-cation and Utility	Solid Waste Replace-ment	Urban Forest Utility	Urban Forest Replace-ment	Total
Assets and Deferred Outflows of Resources						
Current Assets						
Cash	$ 3,661,656	$ 567,641	$ 1,573,746	$ 1,136,142	$ 149,881	$ 7,089,066
Pooled investments	536,913	—	99,069	22,275	—	658,257
Receivables						
Unbilled usage	—	—	—	68,852	—	68,852
Accounts	363	200	—	50,580	—	51,143
Interfund loan	74,174	—	—	—	—	74,174
Total Current Assets	**4,273,106**	**567,841**	**1,672,815**	**1,277,849**	**149,881**	**7,941,492**
Noncurrent Assets						
Interfund loan	101,434	—	—	—	—	101,434
Capital assets, net of accumulated depreciation	—	—	—	228,477	—	228,477
Total Noncurrent Assets	**101,434**	**—**	**—**	**228,477**	**—**	**329,911**
Total Assets	**4,374,540**	**567,841**	**1,672,815**	**1,506,326**	**149,881**	**8,271,403**
Deferred Outflows of Resources						
Pension-related deferred outflows	—	—	—	34,520	—	34,520
OPEB-related deferred outflows	—	—	—	12,273	—	12,273
Total Outflows of Resources	**—**	**—**	**—**	**46,793**	**—**	**46,793**
Total Assets and Deferred Outflows of Resources	**$ 4,374,540**	**$ 567,841**	**$ 1,672,815**	**$ 1,553,119**	**$ 149,881**	**$ 8,318,196**
Liabilities, Deferred Inflows of Resources and Net Position						
Current Liabilities						
Accounts payable	$ —	$ 2,923	$ —	$ 12,114	$ —	$ 15,037
Salaries and benefits payable	—	—	—	15,512	—	15,512
Current maturities of long-term debt	40,000	—	—	—	—	40,000
Total Current Liabilities	**40,000**	**2,923**	**—**	**27,626**	**—**	**70,549**
Noncurrent Liabilities						
Long-term debt	240,000	—	—	—	—	240,000
Net pension liability	—	—	—	36,701	—	36,701
Net OPEB liability	—	—	—	12,371	—	12,371
Total Noncurrent Liabilities	**240,000**	**—**	**—**	**49,072**	**—**	**289,072**
Total Liabilities	**280,000**	**2,923**	**—**	**76,698**	**—**	**359,621**
Deferred Inflows of Resources						
Pension-related deferred inflows	—	—	—	(2,847)	—	(2,847)
OPEB-related deferred inflows	—	—	—	4,196	—	4,196
Total Inflows of Resources	**—**	**—**	**—**	**1,349**	**—**	**1,349**
Net Position						
Net investment in capital assets	—	—	—	228,477	—	228,477
Unrestricted	4,094,540	564,918	1,672,815	1,246,595	149,881	7,728,749
Total Net Position	**4,094,540**	**564,918**	**1,672,815**	**1,475,072**	**149,881**	**7,957,226**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 4,374,540**	**$ 567,841**	**$ 1,672,815**	**$ 1,553,119**	**$ 149,881**	**$ 8,318,196**

Combining Schedule of Revenue, Expenses and Changes in Fund Net Position - Nonmajor Enterprise Funds

Year Ended June 30, 2024

	Sewer Rental Replace-ment	City Communi-cation and Utility	Solid Waste Replace-ment	Urban Forest Utility	Urban Forest Replace-ment	Total
Operating Revenue						
Charges for service	$ 461,338	$ 19,600	$ —	$ 816,737	$ —	$ 1,297,675
Miscellaneous.................	—	3,609	—	23,067	—	26,676
Total Operating Revenue	**461,338**	**23,209**	**—**	**839,804**	**—**	**1,324,351**
Operating Expenses						
Personal services	—	—	—	359,720	—	359,720
Services and commodities	74,164	52,557	4,443	265,091	1,769	398,024
Depreciation	—	—	—	35,846	—	35,846
Total Operating Expenses	**74,164**	**52,557**	**4,443**	**660,657**	**1,769**	**793,590**
Operating Income (Loss)	**387,174**	**(29,348)**	**(4,443)**	**179,147**	**(1,769)**	**530,761**
Nonoperating Revenue						
Investment revenue.........	**202,897**	**26,879**	**120,627**	**63,133**	**6,361**	**419,897**
Income (Loss) Before Transfers..........	**590,071**	**(2,469)**	**116,184**	**242,280**	**4,592**	**950,658**
Other Financing Sources (Uses)						
Transfers in	2,040,000	—	—	93,610	100,000	2,233,610
Transfers out	(76,364)	—	(675,450)	(146,126)	(93,610)	(991,550)
Total Transfers...........	**1,963,636**	**—**	**(675,450)**	**(52,516)**	**6,390**	**1,242,060**
Changes in Net Position	**2,553,707**	**(2,469)**	**(559,266)**	**189,764**	**10,982**	**2,192,718**
Net Position - Beginning of Year..........................	1,540,833	567,387	2,232,081	1,285,308	138,899	5,764,508
Net Position - End of Year	**$ 4,094,540**	**$ 564,918**	**$ 1,672,815**	**$ 1,475,072**	**$ 149,881**	**$ 7,957,226**

Combining Schedule of Cash Flows - Nonmajor Enterprise Funds

Year Ended June 30, 2024

	Sewer Rental Replace-ment	City Communi-cation and Utility	Solid Waste Replace-ment	Urban Forest Utility	Urban Forest Replace-ment	Total
Cash Flows From Operating Activities						
Cash received from customers and users	$ 461,366	$ 23,009	$ —	$ 833,538	$ —	$ 1,317,913
Cash paid to employees for services	—	—	—	(365,928)	—	(365,928)
Cash paid to suppliers for goods and services	(74,164)	(49,891)	(4,443)	(264,350)	(1,957)	(394,805)
Net Cash Provided by (Used in) Operating Activities	**387,202**	**(26,882)**	**(4,443)**	**203,260**	**(1,957)**	**557,180**
Cash Flows From Noncapital Financing Activities						
Net transfers	**1,963,636**	**—**	**(675,450)**	**(52,516)**	**6,390**	**1,242,060**
Cash Flows From Capital and Related Financing Activities						
Decrease in interfund loan	72,365	—	—	—	—	72,365
Acquisition of capital assets	(19,703)	—	—	(125,047)	—	(144,750)
Repayment of debt	(40,000)	—	—	—	—	(40,000)
Net Cash Provided by (Used in) Capital and Related Financing Activities	**12,662**	**—**	**—**	**(125,047)**	**—**	**(112,385)**
Cash Flows From Investing Activities						
Interest on investments	202,897	26,879	120,627	63,133	6,361	419,897
Sale of investments	1,985	—	19,883	1,251	—	23,119
Net Cash Provided by Investing Activities	**204,882**	**26,879**	**140,510**	**64,384**	**6,361**	**443,016**
Net Increase (Decrease) in Cash	**2,568,382**	**(3)**	**(539,383)**	**90,081**	**10,794**	**2,129,871**
Cash - Beginning of Year	1,093,274	567,644	2,113,129	1,046,061	139,087	4,959,195
Cash - End of Year	**$ 3,661,656**	**$ 567,641**	**$ 1,573,746**	**$ 1,136,142**	**$ 149,881**	**$ 7,089,066**
Reconciliation of Income From Operations to Net Cash Provided by Operating Activities						
Income (loss) from operations	$ 387,174	$ (29,348)	$ (4,443)	$ 179,147	$ (1,769)	$ 530,761
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities						
Depreciation	—	—	—	35,846	—	35,846
Change in Assets and Liabilities						
(Increase) decrease in receivables	28	(200)	—	(6,266)	—	(6,438)
Increase in deferred outflows of resources	—	—	—	(17,368)	—	(17,368)
Increase (decrease) in payables	—	2,666	—	741	(188)	3,219
Increase in salaries and benefits payable	—	—	—	2,472	—	2,472
Increase in net pension liability	—	—	—	17,599	—	17,599
Decrease in total OPEB liability	—	—	—	(1,092)	—	(1,092)
Decrease in deferred inflows of resources	—	—	—	(7,819)	—	(7,819)
Net Cash Provided by (Used in) Operating Activities	**$ 387,202**	**$ (26,882)**	**$ (4,443)**	**$ 203,260**	**$ (1,957)**	**$ 557,180**

Schedule of Revenue by Source and Expenditures by Function - All Governmental Funds

Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenue										
Property tax	$ 29,389,330	$ 27,456,332	$ 26,358,965	$ 25,651,401	$ 23,815,236	$ 22,722,170	$ 21,528,026	$ 19,965,855	$ 19,390,867	$ 18,279,551
Tax increment financing and other city tax	8,483,848	7,085,593	7,135,778	6,396,558	5,847,105	4,184,692	3,388,231	3,792,850	3,131,594	2,374,264
Licenses and permits	806,255	725,969	929,118	1,074,515	800,499	690,171	709,629	706,589	732,894	680,770
Use of money and property	3,862,455	2,262,063	595,529	660,656	1,346,391	1,523,614	1,041,963	684,358	578,032	546,900
Intergovernmental	21,152,745	36,266,747	21,957,030	32,399,342	12,208,798	10,908,911	10,544,302	11,558,481	10,065,390	8,389,101
Charges for service	2,041,192	1,339,242	1,446,054	932,747	1,383,692	1,352,525	1,100,117	1,475,946	1,180,883	1,131,847
Special assessments	836	898	1,464	1,681	9,977	6,789	8,736	4,197	556	11,754
Miscellaneous	2,296,166	769,658	2,473,323	592,655	376,521	259,061	117,359	441,346	161,179	486,160
Total Revenue	**$ 68,032,827**	**$ 75,906,502**	**$ 60,897,261**	**$ 67,709,555**	**$ 45,788,219**	**$ 41,647,933**	**$ 38,438,363**	**$ 38,629,622**	**$ 35,241,395**	**$ 31,900,347**
Expenditures										
Operating										
Public safety	$ 17,084,874	$ 16,005,652	$ 14,785,157	$ 13,844,076	$ 12,606,792	$ 12,391,556	$ 11,947,367	$ 12,250,645	$ 9,480,056	$ 9,628,508
Public works	6,840,116	4,690,963	4,908,876	4,412,501	4,456,500	4,225,505	3,801,859	3,867,715	3,321,888	3,591,277
Culture and recreation	7,101,256	6,719,330	5,124,238	4,763,642	4,526,161	4,533,593	4,460,863	4,259,120	3,822,840	3,861,382
Community and economic development	3,653,454	5,001,770	3,149,562	2,731,877	2,302,056	2,262,484	2,075,225	2,089,286	1,962,244	2,242,743
General government	3,771,050	3,843,790	3,937,130	3,416,795	3,104,911	3,053,383	2,823,564	2,458,668	2,263,973	2,310,282
Debt service	8,849,794	10,711,098	7,022,427	8,454,148	18,717,542	15,553,024	10,103,064	5,772,530	5,764,400	6,261,762
Capital projects	18,704,943	30,787,133	29,233,666	52,114,290	21,894,323	11,968,151	6,390,784	15,724,032	14,575,014	16,847,966
Total Expenditures	**$ 66,005,487**	**$ 77,759,736**	**$ 68,161,056**	**$ 89,737,329**	**$ 67,608,285**	**$ 53,987,696**	**$ 41,602,726**	**$ 46,421,996**	**$ 41,190,415**	**$ 44,743,920**

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

To the Honorable Mayor and
Members of the City Council
City of Marion, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Marion, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Marion's basic financial statements, and have issued our report thereon dated January 24, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 24-I-R-1 and 24-I-R-2 that we consider to be material weaknesses.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Marion's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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, 2024 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Marion's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City of Marion's response to the findings identified in our audit and described in the accompanying schedule of findings. The City of Marion's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Hogan - Hansen

HOGAN - HANSEN

Cedar Rapids, Iowa
January 24, 2025

<u>Part I: Findings Related to the Financial Statements</u>

Instances of Noncompliance

There were no reported instances of noncompliance.

Internal Control Deficiencies

24-I-R-1 Segregation of Duties

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

<u>Condition</u> - Incompatible duties are being performed by the same person.

<u>Cause</u> - The City has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

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

<u>Identification of Repeat Finding</u> - 23-II-R-1.

<u>Auditor's Recommendation</u> - The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

<u>Views of Responsible Officials and Planned Corrective Action</u> - The City is aware of the lack of segregation of duties and will consider alternatives to improve this situation.

<u>Auditor's Conclusion</u> - Response accepted.

24-I-R-2 Financial Statement Preparation

<u>Criteria</u> - A properly designed system of internal control over financial reporting includes the preparation of a City's financial statements and accompanying notes to the financial statements by internal personnel of the City.

<u>Condition</u> - The City does not have a system of internal controls that fully prepares financial statements and disclosures that are fairly presented in conformity with generally accepted accounting principles.

Cause - As is inherent in many governments of this size, the City has management and employees who, while knowledgeable and skillful, do not have the time to maintain the current knowledge and expertise to fully apply generally accepted accounting principles in preparing the financial statements and the related disclosures.

Effect or Potential Effect - The financial statements and related disclosures may not be prepared in accordance with the generally accepted accounting principles.

Identification of Repeat Finding - 23-II-R-2.

Auditor's Recommendation - The City should obtain additional knowledge through reading relevant accounting literature and attending local professional education courses.

Views of Responsible Officials and Planned Corrective Action - City staff will research available educational courses regarding financial statement preparation and attend the Iowa Governmental Roundtable hosted by the Iowa Society of CPAs annually.

Auditor's Conclusion - Response accepted.

Part II: Findings Related to Statutory Reporting

24-II-A **Certified Budget** - Disbursements during the year ended June 30, 2024 did not exceed the amounts in the amended budget.

24-II-B **Questionable Expenditures** - We noted no expenditures which did not appear to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

24-II-C **Travel Expense** - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

24-II-D **Business Transactions** - No business transactions were noted between the City and City officials or employees.

24-II-E **Restricted Donor Activity** - No transactions were noted between the City, City officials or City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

24-II-F **Bond Coverage** - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

24-II-G **City Council Minutes** - No transactions were found that we believe should have been approved in the City Council minutes but were not.

24-II-H **Deposits and Investments** - We noted no instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy.

24-II-I **Revenue Bonds** - No instances of noncompliance with the provisions of the sewer and solid waste revenue bonds were noted.

24-II-J **Annual Urban Renewal Report** - The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1 as required by Chapter 384.22(2)(a) of the Code of Iowa, and no exceptions were noted.

24-II-K **Annual Financial Report** - The City completed and filed its June 30, 2024 Annual Financial Report by December 1 as required by Chapter 384.22 of the Code of Iowa.

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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.