

PRELIMINARY OFFICIAL STATEMENT DATED JULY 29, 2025

NEW ISSUE - DTC BOOK ENTRY ONLY

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

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

\$7,525,000*
City of LeClaire, Iowa
General Obligation Corporate Purpose and Refunding Bonds,
Series 2025

Dated: Date of Delivery

Due: As shown on inside cover

The \$7,525,000* General Obligation Corporate Purpose and Refunding Bonds, Series 2025 (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 LeClaire, Iowa (the "Issuer" or the "City") on August 18, 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, 2033*, 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 (1)(a) extending, widening, improving, constructing and repairing of streets, highways, bridges, streetscape, sidewalks, water, sewer, and other related infrastructure improvements, acquiring real estate needed for any of the foregoing purposes, and other associated costs related to the foregoing purposes; (b) acquiring a mower and other equipment for use by the public works department; and (c) acquiring, constructing, improving and equipping existing city parks to include a new splash pad and adventure playground; (2) refunding all or a portion of the Refunded Note (as defined herein); and (3) 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. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about September 3, 2025.*

The Date of this Official Statement is August __, 2025

* Preliminary, subject to change.

\$7,525,000*
City of LeClaire, Iowa
General Obligation Corporate Purpose and Refunding Bonds,
Series 2025

MATURITY SCHEDULE

<u>Due</u>	<u>Amount</u> *	<u>Rate</u> *	<u>Yield</u> *	<u>Cusip Num.</u> **	<u>Due</u>	<u>Amount</u> *	<u>Rate</u> *	<u>Yield</u> *	<u>Cusip Num.</u> **
June 1, 2026	\$155,000				June 1, 2034	\$635,000			
June 1, 2027	\$210,000				June 1, 2035	\$655,000			
June 1, 2028	\$525,000				June 1, 2036	\$680,000			
June 1, 2029	\$545,000				June 1, 2037	\$420,000			
June 1, 2030	\$555,000				June 1, 2038	\$435,000			
June 1, 2031	\$570,000				June 1, 2039	\$455,000			
June 1, 2032	\$595,000				June 1, 2040	\$475,000			
June 1, 2033	\$615,000								

\$,000* ____%* Term Bond due June 1, 20__, Yield ____%*, CUSIP** _____

* Preliminary, subject to change.

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

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

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

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

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

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

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

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

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

TABLE OF CONTENTS

INTRODUCTION	1
THE ISSUER.....	1
THE BONDS	1
SECURITY AND SOURCE OF PAYMENT	2
BONDHOLDERS' RISKS	3
LITIGATION.....	6
ACCOUNTANT	6
PLAN OF FINANCING	6
SOURCES AND USES OF FUNDS	7
TAX EXEMPTION AND RELATED TAX MATTERS.....	7
LEGAL MATTERS.....	8
RATING	9
CONTINUING DISCLOSURE	9
UNDERWRITING	9
MISCELLANEOUS	9
APPENDIX A – INFORMATION ABOUT THE ISSUER.	A-1
APPENDIX B – FORM OF BOND COUNSEL OPINION.....	B-1
APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE	C-1
APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR FISCAL YEAR 2024	D-1
APPENDIX E – BOOK-ENTRY SYSTEM.....	E-1

OFFICIAL STATEMENT

\$7,525,000*
City of LeClaire, Iowa
General Obligation Corporate Purpose and Refunding Bonds,
Series 2025

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 \$7,525,000* General Obligation Corporate Purpose and Refunding Bonds, Series 2025 (the “Bonds”), of the City of LeClaire, 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 August 18, 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 (1)(a) extending, widening, improving, constructing and repairing of streets, highways, bridges, streetscape, sidewalks, water, sewer, and other related infrastructure improvements, acquiring real estate needed for any of the foregoing purposes, and other associated costs related to the foregoing purposes; (b) acquiring a mower and other equipment for use by the public works department; and (c) acquiring, constructing, improving and equipping existing city parks to include a new splash pad and adventure playground; (2) refunding all or a portion of the City’s General Obligation Corporate Purpose Notes, Series 2018A dated August 22, 2018 (the “Refunded Note”); and (3) paying certain costs of issuance related to the Bonds. See “PLAN OF FINANCING” and “SOURCES AND USES OF FUNDS” herein.

THE ISSUER

The Issuer, with a 2020 U.S. Census population of 4,710, comprises approximately 4.85 square miles. The Issuer operates under a statutory form of government consisting of a five-member City Council, of which the Mayor is not a voting member. Additional information concerning the Issuer is included in “APPENDIX A – INFORMATION ABOUT THE ISSUER” hereto.

THE BONDS

General

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

The Bonds are dated as of the date of their delivery, will mature on June 1 in the years and in the amounts set forth on the inside cover page hereof, and will bear interest at the rates to be set forth on the inside cover page hereof. Interest on the Bonds is payable semiannually on June 1 and December 1 in each year, beginning on 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.

* Preliminary, subject to change.

Redemption

Optional Redemption. The Issuer reserves the right to optionally redeem part or all of the principal of the Bonds prior to maturity on June 1, 2033*, or on any date thereafter upon terms of par and accrued interest, to the date fixed for redemption, without premium.

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:

<u>Term Bond Maturing June 1, 20__</u>	
<u>Date</u>	<u>Amount</u>
June 1, 20__	\$ _____
June 1, 20__ (maturity)	\$ _____

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 are to be redeemed, the particular part of those Bonds to be redeemed shall be selected by the Registrar by lot.

Notice of Redemption. Notice of such redemption identifying the Bond or Bonds (or portion thereof) to be redeemed shall be sent by electronic means or mailed by certified mail to the registered owners thereof at the addresses shown on the 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 sent, provided that such notice of cancellation is to be made at least five 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. While not pledged to Bondholders, the Issuer may use tax increment revenues for the payment of the principal of and interest on the Bonds.

* Preliminary, subject to change.

BONDHOLDERS' RISKS

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

Tax Levy Procedures

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

Changes in Property Taxation

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

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

Matters Relating to Enforceability of Agreements

Bondholders shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Resolution.

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

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

Secondary Market

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

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

Rating Loss

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa3" to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the

judgment of Moody's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Bankruptcy and Insolvency

The rights and remedies provided in the Resolution may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditor's rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Iowa. The various opinions of counsel to be delivered with respect to the Bonds, the Loan Agreement and the Resolution, including the opinion of Bond Counsel, will be similarly qualified. If the Issuer were to file a petition under chapter nine of the federal bankruptcy code, the owners of the Bonds could be prohibited from taking any steps to enforce their rights under the Resolution. In the event the Issuer fails to comply with its covenants under the Resolution or fails to make payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Bonds.

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

Forward-Looking Statements

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

Tax Matters, Bank Qualification and Loss of Tax Exemption

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

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

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

DTC-Beneficial Owners

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the

Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the Issuer nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

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

Proposed Federal Tax Legislation

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

Cybersecurity

The Issuer, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Issuer will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the Issuer’s information systems could impact business operations and systems, and the costs of remedying any such damage could be significant.

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

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

The Issuer contributes to the Iowa Public Employees’ Retirement System (“IPERS”), which is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the Issuer are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make monthly contributions to IPERS. Contribution amounts are set by State statute. The IPERS Annual Comprehensive Financial Report for its fiscal year ended June 30, 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, the Underwriter, the Municipal Advisor and the Issuer undertake no responsibility for and make no representations as to the accuracy or completeness of the information available from the IPERS discussed above or included on the IPERS website, including, but not limited to, updates of such information on the State Auditor’s website or links to other internet sites accessed through the IPERS website.

In fiscal year ended June 30, 2024, the Issuer’s IPERS contribution totaled approximately \$152,979. 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 \$1,097,519, 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.

The Issuer operates a single-employer health benefit plan which provides postemployment benefits for eligible participants enrolled in its plans. Group insurance benefits are established under the Iowa Code, Chapter 509A.13. The plan provides healthcare benefits including medical, hospitalization, prescription drug and dental benefits for retirees and their spouses. Individuals who are employed by the Issuer and are eligible to participate in the plan are eligible to continue benefits upon retirement. Retiree health care coverage is available to eligible retirees of any age. The retirees under age 65 are responsible for paying 100% of the associated premiums for these benefits. Retired participants must be age 55 or older at retirement, have ten years of full-time service and already participating

in the health plan at retirement to be eligible. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. At June 30, 2024, 28 active employees were covered by the benefit terms. In the fiscal year ended June 30, 2024, the Issuer’s OPEB liability was \$105,646, as determined by an actuarial valuation as of June 30, 2024.

See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR FISCAL YEAR 2024” for additional information on other post-employment benefits of the Issuer.

Risk of Audit

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

Summary

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

LITIGATION

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

ACCOUNTANT

The financial statements of the Issuer as of and for the year ended June 30, 2024, included in this Official Statement as Appendix D, have been audited by Bohnsack & Frommelt LLP, Moline, Illinois, 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.

MUNICIPAL ADVISOR

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

PLAN OF FINANCING

The Issuer will use the proceeds of the Bonds to provide funds for the purpose of paying the cost, to that extent, of (1)(a) extending, widening, improving, constructing and repairing of streets, highways, bridges, streetscape, sidewalks, water, sewer, and other related infrastructure improvements, acquiring real estate needed for any of the foregoing purposes, and other associated costs related to the foregoing purposes; (b) acquiring a mower and other equipment for use by the public works department; and (c) acquiring, constructing, improving and equipping existing city parks to include a new splash pad and adventure playground; (2) refunding all or a portion of the Refunded Note; and (3) paying certain costs of issuance related to the Bonds.

The following table includes the maturities and amounts of the Refunded Bonds that will be called on or around September 4, 2025*, at a price of par plus accrued interest and premium, if any:

Maturity Date	Interest Rate	Principal Amount
June 1, 2026	4.000%	\$ 625,000
June 1, 2027	3.150%	\$ 875,000
June 1, 2028	3.250%	\$1,030,000

SOURCES AND USES OF FUNDS*

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

Sources of Funds	
Bond Principal	\$7,525,000*
Premium	\$
Total Sources of Funds	\$
Uses of Funds	
Project Fund	\$
Refunding Fund	\$
Costs of Issuance & Contingency ⁽¹⁾	\$
Total Uses of Funds	\$

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

TAX EXEMPTION AND RELATED TAX MATTERS

Federal Income Tax Exemption

The opinion of Bond Counsel will state that under present laws and rulings, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers under the Code.

The opinion set forth in the preceding sentence will be subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from 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.

* Preliminary, subject to change.

Qualified Tax-Exempt Obligations

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

Original Issue Premium

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

Original Issue Discount

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

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

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

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

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax-exempt status of the interest thereon (see “TAX EXEMPTION AND RELATED TAX MATTERS” herein) are subject to the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, a form of which is attached hereto as “APPENDIX B – FORM OF BOND COUNSEL OPINION.” Signed copies of the opinion, dated and premised on law in effect as of the date of original delivery of the

Bonds, will be delivered to the Underwriter at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel.

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

RATING

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

CONTINUING DISCLOSURE

The Issuer will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the Issuer (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the Issuer no later than twelve months after the close of each fiscal year, commencing with the fiscal year ending June 30, 2024, with the Municipal Securities Rulemaking Board, at its internet repository named “Electronic Municipal Market Access” (“EMMA”). The notices of events, if any, are also to be filed with EMMA. See “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”).

During the previous five years, the City has not failed to comply, in all material respects, with any previous undertakings it has entered into with respect to the Rule.

UNDERWRITING

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

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

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

MISCELLANEOUS

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

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

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

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

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

City of LeClaire, Iowa

Dennis Bockenstedt/City Administrator

APPENDIX A
INFORMATION ABOUT THE ISSUER
CITY OF LECLAIRE, IOWA

LECLAIRE, IA
CITY HALL
325 Wisconsin Street
LeClaire, IA 52753
Telephone 563-289-4242

MAYOR AND CITY COUNCIL

Dennis Gerard, Mayor *Term Expires December 31, 2025*
Amy Blair, Council Member *Term Expires December 31, 2025*
Bill Bloom, Council Member *Term Expires December 31, 2027*
Sara Gravert, Council Member *Term Expires December 31, 2027*
Barry Long, Council Member *Term Expires December 31, 2025*
Ryan Salvador, Council Member *Term Expires December 31, 2025*

CITY OFFICIALS

Dennis Bockenstedt *City Administrator*
Tracy A. Northcutt *City Clerk/Treasurer*
Brent Hinders *City Attorney*

ECONOMIC AND FINANCIAL INFORMATION

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

The 2024 final Actual Values are for taxes payable July 1, 2025 through June 30, 2026, have also been adjusted by the Scott County Auditor. The reduced values, determined after the application of rollback percentages, are the Taxable Values subject to tax levy. For assessment year 2024, the Taxable Value rollback rate was 47.4316% of Actual Value for residential property; 73.8575% of Actual Value for agricultural property; 90% of Actual Value for commercial, industrial, and railroad property; and 100.0000% of Actual Value for utility property.

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

VALUATIONS¹

	100%	%	Taxable Value	%
	<u>Actual Value</u>	<u>Valuation</u>	<u>(With Rollback)</u>	<u>Valuation</u>
Residential	\$500,126,739	91.58%	\$233,549,069	89.82%
Ag. Land & Buildings	\$1,714,300	0.31%	\$1,266,137	0.49%
Commercial	27,564,651	5.05%	18,555,470	7.14%
Industrial	20,306	0.00%	0	0.00%
Railroad	2,513,614	0.46%	2,250,877	0.87%
Utilities w/Gas & Electric	<u>14,163,402</u>	<u>2.59%</u>	<u>4,396,318</u>	<u>1.69%</u>
Gross valuation	\$546,103,012	100.00%	\$260,017,871	100.00%
Less military exemption	<u>(2,270,500)</u>		<u>(2,270,500)</u>	
Net valuation	\$543,832,512		\$257,747,371	
Plus: TIF increment	\$153,579,904		\$85,882,624	
Total Valuation	\$697,412,416		\$343,629,995	

Source: Iowa Department of Management

VALUATION TRENDS

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

Assessment	Payable	100%	Taxable	Taxable	Total
<u>Year</u>	<u>Fiscal Year</u>	<u>Actual Valuation</u>	<u>Valuation</u>	<u>TIF Increment</u>	<u>Taxable Value</u>
2020	2021-22	\$508,271,258	\$188,999,116	\$111,009,866	\$300,008,982
2021	2022-23	566,023,802	209,728,935	111,933,002	321,661,937
2022	2023-24	583,471,139	215,229,859	112,330,683	327,560,542
2023	2024-25	685,948,669	221,046,667	110,670,973	331,717,640
2024	2025-26	697,412,416	257,747,371	85,882,624	343,629,995

Source: Iowa Department of Management

¹ Valuations on January 1, 2024 for taxes payable July 1, 2025 through June 30, 2026.

TAX RATES

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

	<u>2020 for FY</u>	<u>2021 for FY</u>	<u>2022 for FY</u>	<u>2023 for FY</u>	<u>2024 for FY</u>
	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
Scott County	\$6.04197	\$6.04197	\$5.95000	\$5.95000	\$5.93331
City of LeClaire	12.83631	12.64166	12.64166	12.64166	12.64166
Pleasant Valley CSD	13.76024	13.46043	13.46055	13.46041	12.19320
Eastern Iowa Community College	0.92357	0.94542	0.94840	0.94807	0.92744
County Assessor	0.17298	0.19858	0.21464	0.20387	0.23157
Ag. Extension	0.06377	0.06381	0.06477	0.06305	0.06338
State of Iowa	<u>0.00260</u>	<u>0.00240</u>	<u>0.00180</u>	<u>0.00180</u>	<u>0.00000</u>
Total Tax Rate	\$33.80144	\$33.35427	\$33.28182	\$33.26886	\$31.99056

TAX LEVIES AND COLLECTIONS

<u>Collection</u>	<u>Taxes</u>	<u>Current</u>	<u>% of</u>
<u>Year</u>	<u>Levied</u>	<u>Collections</u>	<u>Taxes Levied</u>
2020-21	\$2,347,717	\$2,410,859	102.7%
2021-22	2,818,669	2,830,902	100.4%
2022-23	3,091,220	3,077,373	99.6%
2023-24	3,169,885	3,228,315	101.8%
2024-25 ²	3,235,955	3,213,748	99.3%
2025-26	3,580,626	--in process of collection--	

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

LEVY LIMITS

HF 718 introduced an adjustable limit for cities' general fund levies (adjusted city general fund levy, or "ACGFL"). Iowa Code Section 384.1 outlines the ranges to which a city's levy can be constrained. For fiscal year ending June 30, 2026, the City's adjusted levy limit is \$7.84608. In addition to the ACGFL the City does levy costs for other employee benefits and debt service. Currently, these levies are not limited by rate or amount.

LARGER TAXPAYERS

<u>Taxpayer</u>	<u>Property</u>	<u>1/1/2024</u>	<u>Percentage of</u>
	<u>Type</u>	<u>Taxable Valuation</u>	<u>Total Net Taxable</u>
			<u>Valuation</u>
Pebble Creek Borrower 2021 LLC	Commercial	\$10,701,471	3.13%
LeClaire Hotel Group LLC	Commercial	3,100,817	0.91%
Cedar River LLC	Commercial	3,100,007	0.91%
Iowa American Water Company	Utility	2,693,320	0.79%
DM & E Railroad	Commercial	2,250,877	0.66%
Breezy Heights LLC	Commercial	1,906,938	0.56%
KWIK TRIP Inc	Commercial	1,769,628	0.52%
MidAmerican Energy Co	Utility	1,698,573	0.50%
Canal Shore Equity Partners	Commercial	1,679,088	0.49%
Pebble Creek Links LLC	Commercial	<u>1,362,703</u>	<u>0.40%</u>
Total		\$30,263,422	8.81%

Source: Scott County Iowa Auditor's Office.

² Collections through May 31, 2025

MAJOR EMPLOYERS

Since the City lies within the Quad City Area many residents will commute for various jobs. Following are some of the major/leading employers, including manufacturing and non-manufacturing, within the Quad City Area (Davenport and Bettendorf, Iowa, as well as Rock Island, Moline and East Moline, Illinois):

<u>Employer Name</u>	<u>Industry</u>	<u>Number of Employees</u>
John Deere Global Headquarters	Agricultural, Construction, and Forestry Manufacturing	6,400
Rock Island Arsenal	Defense Manufacturing	6,300
Unity Point Health	Healthcare	6,100
Genesis Health System	Healthcare	4,700
Hy-Vee Foods	Retail Grocery	4,200
Walmart	Warehouse Clubs and Supercenters	3,600
HNI Corporation	Office Furniture Manufacturing	3,200
Arconic	Aerospace and Defense Aluminum Manufacturing	2,550
Tyson Fresh Meats	Food Manufacturing	2,400
Amazon	Warehouse and Logistics	1,500
Tri-City Electric Co.	Electrical Contractor	1,200
Kent Corporation Global Headquarters	Animal Feed & Food Manufacturing	1,000
Neste Puria PetCare Company	Pet Food Manufacturing	1,000
XPAC	Supply Chain Management and Logistics	1,000

Source: Quad Cities Chamber

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SUMMARY OF DEBT AND DEBT STATISTICS

STATUTORY DEBT LIMIT

Article XI, Section 3 of the State of Iowa Constitution limits the amount of debt outstanding at any time of any county, municipality or other political subdivision to no more than 5% of the actual value of all taxable property within the corporate limits, as taken from the last state and county tax list. The debt limit for the City, based on its 2024 Actual Valuation applicable to the fiscal year 2025-26, is as follows:

2024 Actual Valuation of Property	\$699,682,916
Less: Military Exemption	<u>(2,270,500)</u>
Net Valuation	\$697,412,416
Constitutional Debt Percentage	5.00%
Constitutional Debt Limit	<u>\$34,870,621</u>

Outstanding Bonds Applicable to Debt Limit

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Series Name</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 08/01/25</u>
9/15C	\$3,565,000	General Obligation Refunding Bonds, Series 2015C	06/30	\$2,010,000
03/16A	1,025,000	General Obligation Sewer Improvement Bonds, Series 2016A	06/26	115,000
10/16B	3,805,000	General Obligation Annual Appropriation Corporate Purpose & Refunding Bonds, Series 2016B	06/28	\$345,000
8/18A	4,405,000	General Obligation Corporate Purpose Notes, Series 2018A	06/28 ³	0
07/20A	8,570,000	General Obligation Corporate Purpose & Refunding Bonds, Series 2020A	06/30	6,515,000
07/20B	5,240,000	General Obligation Annual Appropriation Refunding Bonds, Series 2020B	06/27	840,000
01/23	369,187	Cemetery Purchase Agreement	02/32	<u>253,914</u>
07/23A	4,915,000	General Obligation Corporate Purpose Bonds, Series 2023	06/38	4,915,000
08/25A	7,525,000	General Obligation Corporate Purpose and Refunding Bonds, Series 2025A (This Issue)	06/40	7,525,000
Various		Tax Increment Rebate Obligations		308,387
		Subtotal		\$22,827,301
Remaining Legal Debt Margin				\$12,043,320

³ The 2026-2028 maturities are being refunded by the Bonds.

ANNUAL FISCAL YEAR DEBT SERVICE PAYMENTS

General Obligation Debt Payable From Taxes

Fiscal Year	<u>Series 2015C</u>	<u>Series 2016A</u>	<u>Series 2020A</u>	<u>Series 2023A</u>	<u>Series 2025A</u>	Total G.O. Debt Paid by Property Taxes	Principal and Interest
	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>	
FY 2025-26	\$380,000	<u>\$115,000</u>	\$735,000	\$285,000	\$155,000	\$1,670,000	\$2,288,984
FY 2025-27	390,000		850,000	295,000	210,000	1,745,000	2,387,417
FY 2027-28	400,000		1,115,000	310,000	525,000	2,350,000	2,943,204
FY 2028-29	415,000		1,890,000	325,000	545,000	3,175,000	3,702,569
FY 2029-30	<u>425,000</u>		<u>1,925,000</u>	345,000	555,000	3,250,000	3,693,801
FY 2030-31				360,000	570,000	930,000	1,286,350
FY 2031-32				380,000	595,000	975,000	1,294,882
FY 2032-33				395,000	615,000	1,010,000	1,294,512
FY 2033-34				410,000	635,000	1,045,000	1,292,064
FY 2034-35				425,000	655,000	1,080,000	1,287,359
FY 2035-36				445,000	680,000	1,125,000	1,290,207
FY 2036-37				460,000	420,000	880,000	999,459
FY 2037-38				<u>480,000</u>	435,000	915,000	997,915
FY 2038-39					455,000	455,000	498,584
FY 2039-40					<u>475,000</u>	<u>475,000</u>	<u>497,563</u>
Total	\$2,010,000	\$115,000	\$6,515,000	\$4,915,000	\$7,525,000	\$21,080,000	\$25,754,870

General Obligation Annual Appropriation⁴ Debt Payable From Taxes

Fiscal Year	<u>Series 2016B</u>	<u>Series 2020B</u>	Total G.O. Debt Paid by Property Tax Increment and Subject to Abatement	Principal and Interest
	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>	
FY 2025-26	\$345,000	\$840,000	\$1,185,000	\$1,243,070
FY 2026-27	355,000	<u>705,000</u>	1,060,000	1,092,300
FY 2027-28	<u>345,000</u>		<u>345,000</u>	<u>353,970</u>
Total	\$1,045,000	\$1,545,000	\$2,590,000	\$2,689,340

INDIRECT DEBT

<u>Taxing District</u>	2025/2026 Taxable Valuation	2025/2026 Taxable Value In the City	Percentage Applicable in City	<u>Net Debt⁵</u>	Taxpayers' Share of Debt
Scott County	11,597,068,216	343,629,995	2.96%	\$6,935,000	\$205,489
Pleasant Valley CSD	2,454,266,371	343,629,995	14.00%	6,410,000	897,485
Eastern Iowa Comm. College	19,088,051,493	343,629,995	1.80%	26,390,000	<u>475,082</u>
<i>Total Indirect Debt</i>					\$1,578,056

⁴ These bonds are subject to annual appropriation by the City Council and are a general obligation of the City only in the current fiscal year for which an annual appropriation has been made. The bonds count against the City's statutory debt limit to the extent of the currently appropriated principal amount.

⁵ Debt service based on publicly available data. School district figure excludes Sale and Service Tax Revenue Bonds. Community College figure excludes Training Certificates.

DIRECT DEBT

Bonds Secured Primarily By Tax Levies	\$21,080,000
Annual Appropriation Bonds Secured By Tax Levies	<u>1,185,000</u>
Total Direct Debt	\$22,265,000
 Add: Taxpayers' Share of Indirect Debt	 <u>1,578,056</u>
Direct and Indirect Debt	\$23,843,057

SPECIAL OBLIGATION DEBT

Pay-as-you-go TIF Rebate Agreements	\$308,387
Cemetery Purchase Agreement	\$253,194

FACTS FOR RATIO COMPUTATIONS

2025/2026 100% Actual Value ⁶	697,412,416
2025/2026 Taxable Value with Rollback ⁶	343,629,995
Population (2025 Estimate per City)	4,750

DEBT RATIOS

	Direct <u>Debt</u>	Indirect <u>Debt</u>	Direct and <u>Indirect Debt</u>
Actual Value Ratios	3.19%	0.23%	3.42%
Taxable Value Ratios	6.48%	0.46%	6.94%
Per Capita Ratios	\$4,717	\$334	\$5,051

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⁶ After tax increment and military exemption adjustments.

TIF-BACKED DEVELOPMENT AGREEMENTS

The City has entered into development and rebate agreements to assist in certain urban renewal projects. The City agreed to rebate incremental taxes paid by the developers in exchange for infrastructure improvements, development of commercial retail space and residential housing constructed by the developers as set forth in the urban renewal plan and the individual development and rebate agreements. The incremental taxes to be received by the City under Chapter 403.19 of the Code of Iowa from the developers will be rebated for a period ranging from four to twenty years, beginning with the tax year in which the property taxes on the completed value of the improvements are first paid. Certain of the agreements include provisions for payment of interest. To the extent there are insufficient tax increment revenues available to make the required schedule payment on any payment date, the unpaid amount shall be carried over to the next payment date without accruing any further interest.

The following table contains information on the City's more significant Development Agreement which is subject to annual appropriation by the City:

Agreement Start Date	Agreement With	Maximum Aggregate Remaining Payment Amount	Last Payment Date
05/19/2003	Country Club Base, LLC	5,744,496	06/01/2026
09/10/2006	Country Club Base, LLC	5,524,622	06/01/2026
02/07/2012	JNB Pebble Creek & PVC Development	180,000	06/01/2027
02/07/2012	JNB Pebble Creek & PVC Development	1,573,350	06/01/2027
10/01/2018	Dana Development	82,989	06/01/2026
08/22/2022	GRT QC Property LLC	3,500,000	06/01/2040
08/22/2022	GRT QC Property LLC	1,000,000	06/01/2041

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THE CITY

CITY GOVERNMENT

LeClaire, incorporated in 1834, operates with a mayor-council form of government. It has a mayor elected for a two-year term and five council members elected at large. Council members serve four-year overlapping terms. The professional staff includes an Administrator and City Clerk.

The daily management and administration of the City is under the direction of the City Administrator. The City Administrator supervises the enforcement and execution of the Code of Ordinances, City policies and Council directives. He is also in charge of financial reports to the Council, assisting in establishing long-range goals and promoting good relations with the citizens of the City.

Municipal enterprise services provided by the City include the sanitary sewer utility system.

LOCATION AND TRANSPORTATION

The City of LeClaire, located in Scott County, is situated in east central Iowa along the Mississippi River, and is part of the Quad City Area (Davenport and Bettendorf, Iowa, as well as Rock Island, Moline and East Moline, Illinois). Access to the City is available via Interstate Highway 80 and U.S. Highway 67. Freight rail access is provided by the Canadian Pacific Railroad.

BUILDING PERMITS

City officials reported the following construction activity as of May 31, 2025. Permits for the City are reported on a calendar year basis.

Calendar Year	New Commercial/ Industrial Permits	New Residential Permits	Total New Permits Issued	Total Dwelling Units Added
2020	0	20	20	20
2021	1	26	27	26
2022	2	14	16	14
2023	4	3	7	4
2024	5	9	14	13
2025	0	6	6	6

Source: The City

U.S. CENSUS DATA

2000	2,868
2010	3,765
2020	4,710
2025 (City Estimate)	4,720

Source: U.S. Census Bureau.

UNEMPLOYMENT RATE

<u>Annual Averages</u>	<u>Scott County</u>	<u>State of Iowa</u>
2020	6.6%	5.2%
2021	4.9%	3.9%
2022	3.3%	2.9%
2023	3.3%	2.9%
2024	3.7%	3.0%
2025 ⁷	4.2%	3.7%

Source: U. S. Bureau of Labor Statistics; accessed June 21, 2025.

EDUCATION

City residents are served by the Pleasant Valley Community School District, which is made up of the Cities of LeClaire; Panorama Park; Riverdale; and a portion of the City of Bettendorf; as well as all or portion of the surrounding unincorporated Scott County.

⁷ Average through April 2025.

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APPENDIX B

FORM OF BOND COUNSEL OPINION*

[Date of Delivery]

City of LeClaire, Iowa
LeClaire, Iowa

[Purchaser]
[City, State]

We hereby certify that we have examined certified copies of the proceedings (the “Proceedings”) of the City Council and acts of administrative officers of the City of LeClaire, Iowa (the “Issuer”), in Scott County, Iowa, relating to the issuance of General Obligation Corporate Purpose and Refunding Bonds, Series 2025 (the “Bonds”), dated the date hereof by the Issuer in the amount of \$ _____. The Bonds are issued in order to evidence of the Issuer’s obligations under a certain loan agreement (the “Loan Agreement”), dated the date hereof, and pursuant to a resolution (the “Resolution”) of the Issuer adopted on August 18, 2025. The Bonds bear interest at the rates and are payable on the dates and amounts set forth therein. We have examined the law and such certified Proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolution authorizing the Loan Agreement and issuance of the Bonds and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

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 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 continues 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. Interest on the Bonds is not exempt from State of Iowa income taxes.
6. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the Bonds be, or continue to be, qualified tax-exempt obligations. The Issuer has covenanted to comply with each such requirement.

We express no opinion regarding other state or 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.

This opinion may be relied upon by the addressees hereof and their successors and/or assigns, and any permitted assignee of the Bonds, but only with respect to the opinions expressly set forth herein and as of the dated date hereof.

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 LeClaire, Iowa (the “Issuer”) on this [September 3], 2025 (the “Dated Date”), in connection with the issuance of \$_____ General Obligation Corporate Purpose and Refunding Bonds, Series 2025 (the “Bonds”), dated the Dated Date. The Bonds are being issued pursuant to a resolution of the Issuer approved on [August 18, 2025] (the “Resolution”). The Issuer covenants and agrees as follows:

I. 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.

II. 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.

III. Provision of Annual Reports Not later than June 30 of each year, (the “Submission Deadline”) commencing June 30, 2026, 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.

IV. 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:

- Valuations
- Tax Rates
- Tax Levies and Collections
- Statutory Debt Limit (including Outstanding Bonds Applicable to Debt Limit and Remaining Legal Debt Margin)
- Annual Fiscal Year Debt Service Payments (including General Obligation Debt Payable from Taxes and General Obligation Annual Appropriation Debt Payable from Taxes)
- Indirect Debt
- Direct Debt
- Special Obligation Debt
- Facts for Ratio Computations
- Debt Ratios

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.

V. 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.

VI. 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.

VII. 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 _____.

VIII. 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 the Holders in the same manner as provided in the Resolution for amendments to the Resolution with the consent 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.

IX. 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.

X. 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.

XI. 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.

XII. 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: Dated Date.

CITY OF LECLAIRE, IOWA

By _____
Mayor

Attest:

By _____
City Clerk

APPENDIX D

AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR FISCAL YEAR 2024

City of LeClaire, Iowa

Financial and Compliance Report
Year Ended June 30, 2024

INTRODUCTORY SECTION (Unaudited)

Table of contents	i
City officials	ii

FINANCIAL SECTION

Independent auditor's report	1-3
Management's discussion and analysis	4-14
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	15-16
Statement of activities	17-18
Governmental fund financial statements:	
Balance sheet- governmental funds	19-20
Reconciliation of total governmental fund balances to net position of governmental activities	21
Statement of revenues, expenditures and changes in fund balances- governmental funds	22-23
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	24
Proprietary fund financial statements:	
Statement of net position	25
Statement of revenues, expenses and changes in net position	26
Statement of cash flows	27
Notes to financial statements	28-54
Required supplementary information:	
Budgetary comparison schedule- budget and actual- all governmental and proprietary funds	55-56
Schedule of changes in the City's total OPEB liability and related ratios	57-58
Iowa Public Employees' Retirement System:	
Schedule of the City's proportionate share of the net pension liability	59-60
Schedule of City contributions	61-62
Notes to required supplementary information	63
Supplementary information:	
Nonmajor governmental funds:	
Combining balance sheet	64-65
Combining statement of revenues, expenditures and changes in fund balances	66-67
Schedule of revenues by source and expenditures by function	68-69

COMPLIANCE SECTION

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	70-71
Schedule of findings and responses	72-73

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City of LeClaire, Iowa

**City Officials
June 30, 2024**

		<u>Term Expiration Date of Elected Officials</u>
Dennis Gerard	Mayor	December 2025
Amy Blair	City Council	December 2025
Bill Bloom	City Council	December 2027
Sara Gravert	City Council	December 2027
Barry Long	City Council	December 2025
Ryan Salvador	City Council	December 2025
Dennis Bockenstedt	City Administrator	Appointed
Jeffrey C. McDaniel	City Attorney	Appointed
Tracy A. Northcutt	City Clerk	Appointed

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 City of LeClaire, Iowa and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 LeClaire, Iowa's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of LeClaire, Iowa'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 City of LeClaire, Iowa'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, schedule of changes in the City's total OPEB liability and related ratios, and schedule of the City's proportionate share of the net pension liability and schedule of the City's contributions, and budgetary comparison information, on pages 4–14 and 55-63 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 LeClaire, Iowa's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The City's basic financial statements for the years ended June 30, 2015 through 2017, which are not presented herein, were audited by other auditors whose report thereon dated December 18, 2017, expressed unmodified opinions on the basic financial statements. Their report on the Schedule of Revenues By Source and Expenditure By Function for the years ended June 30, 2015 through 2017 stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements as a whole for the years ended June 30, 2015 through 2017 taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2025, on our consideration of the City of LeClaire, Iowa'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 LeClaire, Iowa'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 City of LeClaire, Iowa's internal control over financial reporting and compliance.

Bohnsack & Frommelt LLP

Moline, Illinois
January 6, 2025

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City of LeClaire, Iowa

Management's Discussion and Analysis Year Ended June 30, 2024

It is an honor to present to you the financial picture of the City of LeClaire, Iowa. We offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of LeClaire, Iowa for the year ended June 30, 2024.

Financial Highlights

- Revenues of the City's governmental activities decreased 11.7%, or \$1,599,696 from fiscal year 2023 to fiscal year 2024.
- Revenues of the City's business-type activities increased 5.0%, or \$52,615 from fiscal year 2023 to fiscal year 2024.
- Expenses of the City's governmental activities increased 17.0%, or \$1,106,796, in fiscal year 2024 from fiscal year 2023.
- Expenses of the City's business-type activities increased 7.7%, or \$89,526 in fiscal year 2024 from fiscal year 2023.
- The City's total net position increased 9.8% or \$4,229,462, from June 30, 2023 net position to June 30, 2024. Of this amount, the net position of the governmental activities increased \$4,406,335 and the net position of the business-type activities decreased \$176,873.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of LeClaire, Iowa's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the City of LeClaire, Iowa's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of LeClaire, Iowa's assets, deferred outflows of resources, and deferred inflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in 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 underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguished functions of the City of LeClaire, Iowa that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

City of LeClaire, Iowa

Management's Discussion and Analysis Year Ended June 30, 2024

The governmental activities of the City of LeClaire, Iowa include general government, public safety, public works, culture and recreation and community and economic development. The business-type activities of the City of LeClaire, Iowa are the sanitary sewer system. This activity is financed primarily by user charges.

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

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

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

The City of LeClaire, Iowa maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Tax Increment Financing Fund, Capital Projects Fund and Debt Service Fund, which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section of this report.

The City adopts an annual appropriated budget which includes all of its funds. A budgetary comparison schedule has been provided as required supplementary information to demonstrate compliance with this budget.

Proprietary funds – The City of LeClaire, Iowa maintains one enterprise fund which is used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Sewer Fund, a major enterprise fund.

Notes to basic financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information includes (1) a budgetary comparison schedule; (2) the schedule of changes in the City's total OPEB liability and related ratios, and (3) the City's proportionate share of net pension liability and related pension contributions. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to basic financial statements and the required supplementary information.

City of LeClaire, Iowa

Management's Discussion and Analysis Year Ended June 30, 2024

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's total net position has increased from a year ago. Table 1 reflects total net position of \$47,302,728 which represents an increase of \$4,229,462 from the net position in 2023.

Table 1 - City of LeClaire's Net Position

	Governmental Activities June 2024	Governmental Activities June 2023	Business-Type Activities June 2024	Business-Type Activities June 2023	Total June 2024	Total June 2023
Current and other assets	\$ 20,996,294	\$ 16,405,281	\$ 2,661,885	\$ 2,526,321	\$ 23,658,179	\$ 18,931,602
Capital assets	40,575,471	38,035,605	13,560,157	13,912,176	54,135,628	51,947,781
Total assets	61,571,765	54,440,886	16,222,042	16,438,497	77,793,807	70,879,383
Total deferred outflows of resources	346,524	214,578	51,276	34,241	397,800	248,819
Noncurrent liabilities	19,570,927	17,288,099	133,427	122,876	19,704,354	17,410,975
Other liabilities	3,880,201	3,517,278	319,608	332,017	4,199,809	3,849,295
Total liabilities	23,451,128	20,805,377	453,035	454,893	23,904,163	21,260,270
Total deferred inflows of resources	6,953,817	6,743,078	30,899	51,588	6,984,716	6,794,666
Net position:						
Net investment in capital assets	19,189,613	18,205,848	13,560,157	13,912,176	32,749,770	32,118,024
Restricted	6,157,351	3,080,139	-	-	6,157,351	3,080,139
Unrestricted	6,166,380	5,821,022	2,229,227	2,054,081	8,395,607	7,875,103
Total net position	\$ 31,513,344	\$ 27,107,009	\$ 15,789,384	\$ 15,966,257	\$ 47,302,728	\$ 43,073,266

Of the City of LeClaire's net position, 69.2 percent reflects its investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, infrastructure, machinery and equipment); less depreciation and any related debt used to acquire those assets that are still outstanding. The City of LeClaire uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A restricted portion of the City's net position (13.0 percent as of June 30, 2024) represents resources that are subject to external restrictions on how they may be used. Restricted net position increased \$3,077,212 for restrictions for capital projects as a result of debt issued in the current year. The remaining balance of unrestricted net position, \$8,395,607 may be used to meet the government's ongoing obligations to citizens and creditors.

City of LeClaire, Iowa

Management's Discussion and Analysis Year Ended June 30, 2024

At the end of the current fiscal year, the City of LeClaire, Iowa is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

Table 2 highlights the City's revenues and expenses for the year ended June 30, 2024. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method of accounting. Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for sales and services, operating grants and contributions and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

The City's total net position increased by \$4,229,462 during the year ended June 30, 2024. The governmental activities' net position increased by \$4,406,335. Total governmental activities revenue decreased \$1,599,696. The decrease was primarily from a decrease in capital grants and contributions of \$2,586,853. The City had federal and state grants for specific street projects in the prior year. The decrease in capital grants and contributions was offset by an increase in charges for services of \$501,179 and an increase in investment earnings of \$383,009. Charges for services increased in public safety from auto traffic enforcement revenues collected. Investment earnings increases are from higher interest rates. Total governmental activities expenses increased \$1,106,796. Expenses increased due to economic development grants, increases in supplies and materials, and increases for wages and benefits including additional full-time equivalent positions.

The total business-type activities' net position decreased by \$176,873. Total business type activities revenue increased \$52,615 primarily due to a \$33,756 increase in investment earnings from higher interest rates. The City's Sewer Fund increased rates for service during the fiscal year, but not enough to cover operating expenses. Operating expenses increased \$89,526 or 7.7 percent due to increases in salaries and benefits and supplies and materials expenses.

City of LeClaire, Iowa

Management's Discussion and Analysis Year Ended June 30, 2024

Table 2 - City of LeClaire's Changes in Net Position

	Governmental Activities 2024	Governmental Activities 2023	Business-Type Activities 2024	Business-Type Activities 2023	Total 2024	Total 2023
Revenues:						
Program revenues:						
Charges for services	\$ 2,941,607	\$ 2,440,428	\$ 948,788	\$ 918,608	\$ 3,890,395	\$ 3,359,036
Operating grants and contributions	878,778	873,905	-	-	878,778	873,905
Capital grants and contributions	-	2,586,853	28,374	39,695	28,374	2,626,548
General revenues:						
Property taxes levied for:						
General purpose	1,745,540	1,666,408	-	-	1,745,540	1,666,408
Debt service	1,482,775	1,410,965	-	-	1,482,775	1,410,965
Tax increment financing	2,817,677	2,818,960	-	-	2,817,677	2,818,960
Hotel/motel tax	294,666	323,788	-	-	294,666	323,788
Local option sales tax	943,412	937,197	-	-	943,412	937,197
Other taxes	68,868	89,139	-	-	68,868	89,139
Revenue in lieu of taxes	25,156	33,541	-	-	25,156	33,541
Investment earnings	816,531	433,522	121,823	88,067	938,354	521,589
Total revenues	12,015,010	13,614,706	1,098,985	1,046,370	13,113,995	14,661,076
Expenses:						
General government	1,064,453	513,056	-	-	1,064,453	513,056
Public safety	1,698,711	1,573,001	-	-	1,698,711	1,573,001
Public works	1,869,716	1,725,071	-	-	1,869,716	1,725,071
Culture and recreation	640,720	684,699	-	-	640,720	684,699
Community and economic development	1,653,692	1,502,152	-	-	1,653,692	1,502,152
Interest on long-term debt	698,283	520,800	-	-	698,283	520,800
Sewer	-	-	1,258,958	1,169,432	1,258,958	1,169,432
Total expenses	7,625,575	6,518,779	1,258,958	1,169,432	8,884,533	7,688,211
Excess (deficiency) before transfers	4,389,435	7,095,927	(159,973)	(123,062)	4,229,462	6,972,865
Transfers	16,900	16,656	(16,900)	(16,656)	-	-
Change in net position	4,406,335	7,112,583	(176,873)	(139,718)	4,229,462	6,972,865
Net position, beginning	27,107,009	19,994,426	15,966,257	16,105,975	43,073,266	36,100,401
Net position, ending	\$ 31,513,344	\$ 27,107,009	\$ 15,789,384	\$ 15,966,257	\$ 47,302,728	\$ 43,073,266

City of LeClaire, Iowa

Management's Discussion and Analysis
Year Ended June 30, 2024

Table 3 below discloses cost of services for governmental activities.

The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by local taxes or other general revenue or transfers.

Table 3 - Governmental Activities

Programs	Total Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2024	Net Cost of Services 2023
Public safety	\$ 1,698,711	\$ 1,573,001	\$ 792,603	\$ 316,928
Public works	1,869,716	1,725,071	(804,719)	1,750,645
Culture and recreation	640,720	684,699	(546,298)	(468,032)
Community and economic development	1,653,692	1,502,152	(1,606,432)	(1,457,290)
General government	1,064,453	513,056	(942,061)	(239,044)
Interest on long-term debt	698,283	520,800	(698,283)	(520,800)
Total	\$ 7,625,575	\$ 6,518,779	\$ (3,805,190)	\$ (617,593)

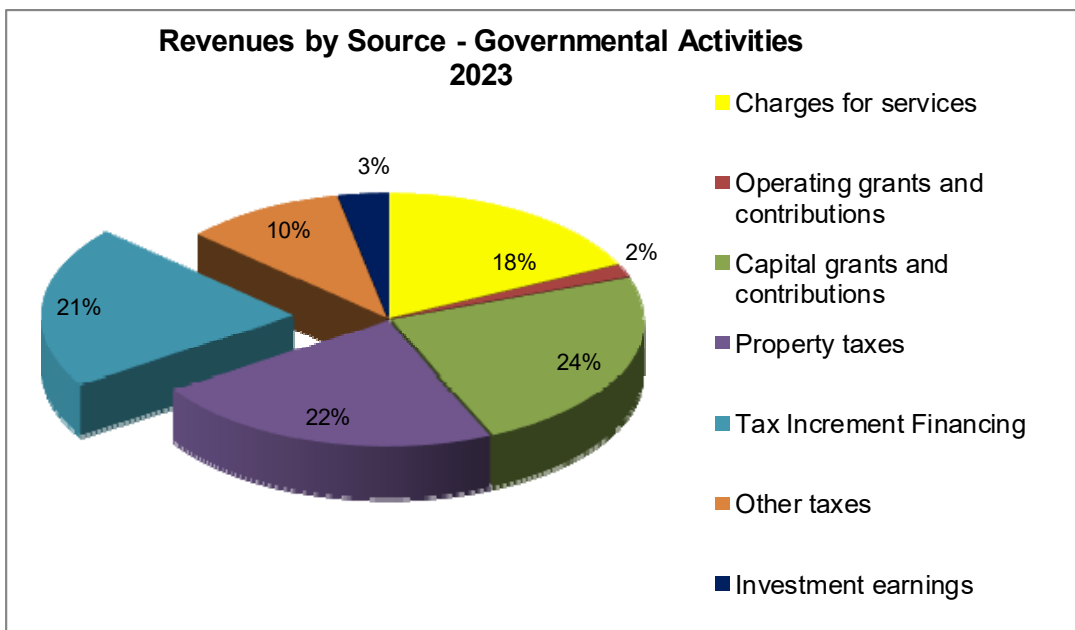
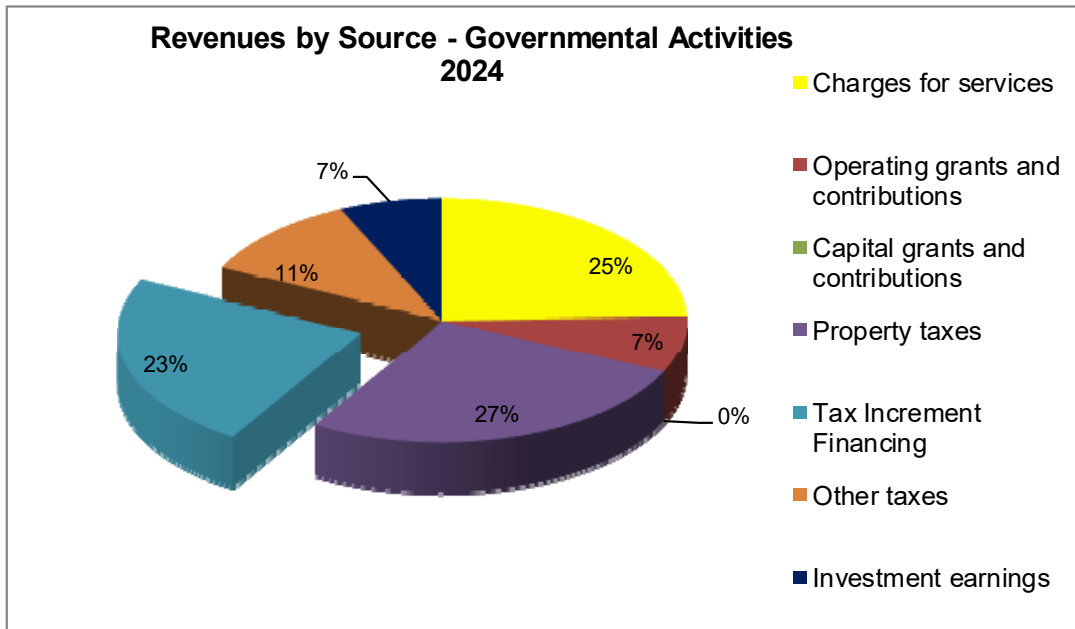
Net cost of services is 49.9 percent of total cost of services for the year ended June 30, 2024 and 9.5 percent for the year ended June 30, 2023. As expected, this reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

City of LeClaire, Iowa

Management's Discussion and Analysis
Year Ended June 30, 2024

Governmental Activities

The graphs below show the percentage of the total governmental activities revenues allocated by each revenue type for 2024 and 2023.



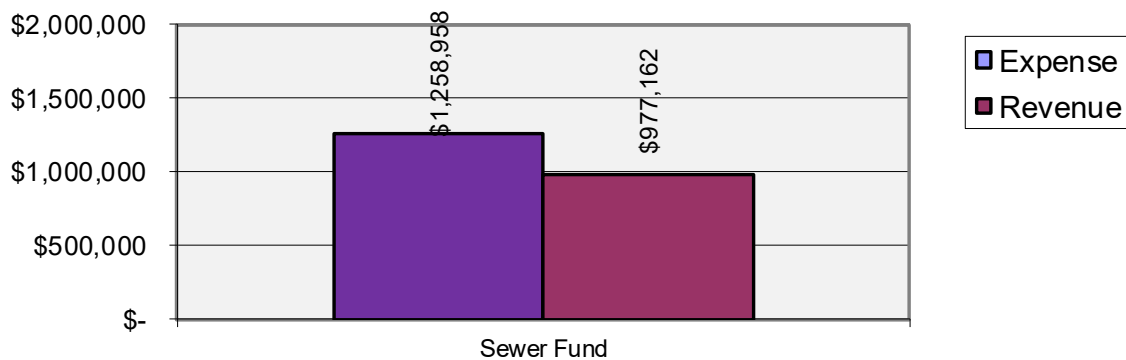
City of LeClaire, Iowa

Management's Discussion and Analysis
Year Ended June 30, 2024

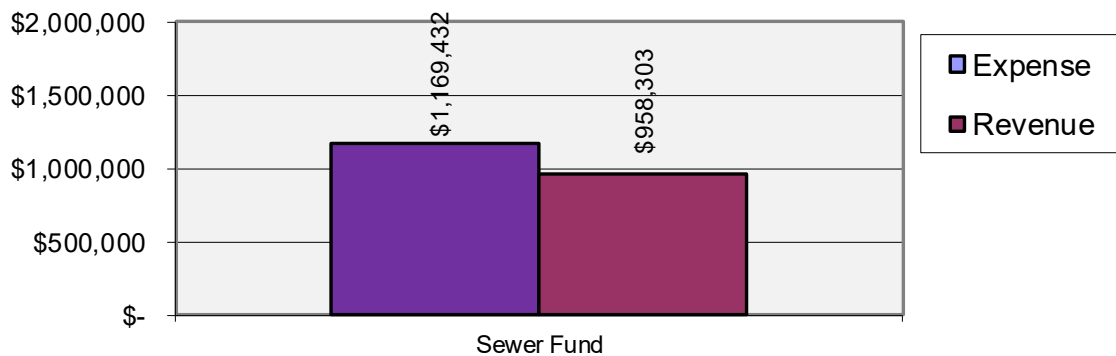
Business-type activities: For the year ended June 30, 2024, business-type activities decreased the City of LeClaire's net position by \$176,873.

Total business-type activities' revenue for the fiscal year was \$1,098,985. All but \$121,823 of this revenue was generated for specific business-type activity. The graph below shows a comparison between the business-type activity expenditures and revenues for 2024 and 2023.

**Expenses and Revenues - Business-Type Activities
2024**



**Expenses and Revenues - Business-Type Activities
2023**



City of LeClaire, Iowa

Management's Discussion and Analysis Year Ended June 30, 2024

Financial Analysis of the Government's Funds

As noted earlier, the City of LeClaire, Iowa uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the City of LeClaire, Iowa's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of LeClaire itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of LeClaire's City Council.

As of June 30, 2024, the City of LeClaire, Iowa's governmental funds reported combined ending fund balances of \$13,320,292, an increase of \$4,174,907 from the June 30, 2023 fund balance. The City's unassigned balance was \$6,372,590 as of June 30, 2024 compared to \$6,076,429 as of June 30, 2023. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form - \$24,578, 2) legally required to be maintained intact or restricted for particular purposes by enabling legislation or by third parties - \$6,891,713 or 3) committed for particular purposes - \$31,411.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,372,590 while total fund balance increased by \$271,944 to \$6,665,934. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Unassigned fund balance represents approximately 170.6 percent of total General Fund expenditures for 2024 and 174.5 percent for 2023, while total fund balance represents approximately 178.5 percent of General Fund expenditures compared to 183.7 percent in the prior year.

The General Fund's revenue sources of property taxes, utility replacement excise tax, hotel/motel tax and other taxes contribute 37.0 percent of revenue used to fund the general purposes of the City including police, streets and parks. These revenue sources have a direct correlation with the health of the economy. Another 42.3 percent of the City's General Fund revenues were derived from fines, fees and miscellaneous, primarily the auto traffic enforcement fees.

The fund balance of the City's General Fund increased by \$271,944 during the current fiscal year. The General Fund revenues increased \$609,541 primarily due to an increase in interest income and in auto traffic enforcement fees. The General Fund expenditures increased \$253,898 primarily for additional full time equivalents and wages and benefits.

The Tax Increment Financing (TIF) Fund accounts for revenues collected to be used for economic purposes. Fund balance increased \$85,259 from \$273,925 in 2023 to \$359,184 in 2024. The increase in TIF fund balance was due to taxes exceeding payments to developers and required transfer out for debt services.

The Debt Service Fund balance increased \$58,672 from \$126,969 in 2023 to \$185,641 in 2024. The Debt Service Fund continues to service debt as it becomes due. In the current year, principal payments of \$2,736,775 were made on outstanding general obligation bonds and notes.

The Capital Projects Fund balance increased by \$3,631,289 from \$1,655,574 in 2023 to \$5,286,863 in 2024. The increase is due to the issuance of \$4,915,000 in long term debt.

City of LeClaire, Iowa

Management's Discussion and Analysis Year Ended June 30, 2024

Proprietary funds – The City of LeClaire's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

The Enterprise Sewer Fund had a decrease in net position of \$176,873. The net position of the Sewer Fund was \$15,789,384 compared to \$15,966,257 as of June 30, 2023. Charges for services increased to \$948,788 in 2024 compared to \$910,673 in 2023 due to a rate increase. Cost of sales and service of \$823,653 represents an increase of \$82,752 from 2023 cost of sales and services due to increases in salaries and benefits and supplies.

Budgetary Highlights

Formal and legal budgetary control is based on nonmajor classes of disbursements known as functions, not by fund or fund type.

During the year, budget amendments increased budgeted expenditures by \$2,654,765. During the year, expenditures for all functions were less than budgeted by \$8,570,411, however the City over expended the debt service function by \$141,135.

Capital Asset and Debt Administration

Capital assets - The City of LeClaire's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$54,135,628 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and improvements, machinery and equipment, and infrastructure. Major capital asset events during the year included various street reconstruction and improvements projects.

City of LeClaire's Capital Assets							
	Governmental Activities		Business-Type		Total		
	2024	2023	2024	2023	2024	2023	
Land	\$ 1,481,402	\$ 1,449,576	\$ 85,590	\$ 85,590	\$ 1,566,992	\$ 1,535,166	
Land, right of way	106,403	106,403	-	-	106,403	106,403	
Construction in progress	6,996,974	8,272,866	4,246	343,076	7,001,220	8,615,942	
Buildings and improvements	5,690,914	5,509,496	877,221	491,091	6,568,135	6,000,587	
Equipment and vehicles	5,533,992	5,266,410	837,108	947,252	6,371,100	6,213,662	
Infrastructure, road network	37,620,648	33,860,217	-	-	37,620,648	33,860,217	
Infrastructure, other	1,583,867	1,086,383	17,982,262	17,961,719	19,566,129	19,048,102	
Intangible right to use lease equipment	17,122	30,662	-	-	17,122	30,662	
Intangible right to use lease building	64,986	64,986	-	-	64,986	64,986	
Intangible right to use IT subscription	184,928	22,148	-	-	184,928	22,148	
Accumulated depreciation	(18,705,765)	(17,633,542)	(6,226,270)	(5,916,552)	(24,932,035)	(23,550,094)	
Total	\$ 40,575,471	\$ 38,035,605	\$ 13,560,157	\$ 13,912,176	\$ 54,135,628	\$ 51,947,781	

Additional information on the City of LeClaire's capital assets can be found in Note 3 to the basic financial statements.

City of LeClaire, Iowa

Management's Discussion and Analysis Year Ended June 30, 2024

Debt - As of June 30, 2024, the City of LeClaire, Iowa had general obligation bonds/notes payable, equipment note payable, purchase agreement, IT subscription obligation and lease obligations totaling \$22,183,132 compared to \$19,829,757 as of June 30, 2023. The City paid \$2,782,607 in principal payments and \$628,165 in interest payments. During fiscal year 2024, the City issued \$4,915,000 in general obligation bonds for capital projects.

Table 5 - Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds/notes	\$ 21,694,057	\$ 19,350,855	\$ -	\$ -	\$ 21,694,057	\$ 19,350,855
Lease obligation	12,296	30,553	-	-	12,296	30,553
IT subscription obligation	129,996	13,048	-	-	129,996	13,048
Purchase agreement	286,033	316,683	-	-	286,033	316,683
Equipment note	60,750	118,618	-	-	60,750	118,618
Total	\$ 22,183,132	\$ 19,829,757	\$ -	\$ -	\$ 22,183,132	\$ 19,829,757

Additional information about the City's long-term debt can be found in Note 5 to the basic financial statements.

As discussed in Note 6 of the basic financial statements, the City has agreed to rebate incremental taxes paid by the developers in exchange for various construction projects. The remaining principal balances on these rebate agreements are potential liabilities, in addition to the general obligation bonds and notes detailed in Note 5 of the basic financial statements. The outstanding balances at June 30, 2024, amounts paid during the year ended June 30, 2024, and the amounts due within one year for these obligations are as follows:

	Balances as of June 30, 2024	Amounts Paid During the Year Ended June 30, 2024	Amounts Due Within One Year
Rebate agreements	\$ 17,830,369	\$ 1,249,770	\$ 1,000,000
General Obligation Bonds and Notes	\$ 21,430,000	\$ 2,630,000	\$ 2,755,000

Economic Factors and Next Year's Budgets and Rates

- Real property assessed values have continued to rise with January 1, 2023 valuation of \$684,234,369 for fiscal year 2025 taxes.
- The City's 2025 fiscal year budgeted expenditures and transfers are \$26,448,315.
- As the General Fund is to a significant percent funded by property taxes and other taxes, the City continues to encourage new development that supports these revenue sources.

Requests for Information

These financial statements and discussions are designed to provide our citizens, taxpayers, investors and creditors with a complete disclosure of the City's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please contact the City Administrator at (563) 289-4242, or at 325 Wisconsin Street, LeClaire, Iowa 52753.

City of LeClaire, Iowa

Statement of Net Position

June 30, 2024

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 13,729,895	\$ 2,515,360	\$ 16,245,255
Receivables:			
Property taxes	3,235,935	-	3,235,935
Tax increment financing	2,782,803	-	2,782,803
Customer accounts	84,201	115,923	200,124
Special assessments	-	22,708	22,708
Due from other governments	286,743	2,282	289,025
Lease receivable	752,414	-	752,414
Inventories	24,578	5,612	30,190
Restricted assets,			
Cash and investments	99,725	-	99,725
Total current assets	20,996,294	2,661,885	23,658,179
Noncurrent assets:			
Capital assets not being depreciated	8,584,779	89,836	8,674,615
Capital assets (net of accumulated depreciation)	31,990,692	13,470,321	45,461,013
Total noncurrent assets	40,575,471	13,560,157	54,135,628
Total assets	61,571,765	16,222,042	77,793,807
Deferred outflows of resources:			
OPEB related deferred outflows	11,768	4,038	15,806
Pension related deferred outflows	334,756	47,238	381,994
Total deferred outflows of resources	346,524	51,276	397,800
Total assets and deferred outflows of resources	\$ 61,918,289	\$ 16,273,318	\$ 78,191,607

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities, Deferred Inflows of Resources and Net Position			
Current liabilities:			
Accounts payable	\$ 680,833	\$ 35,644	716,477
Salaries and benefits payable	92,566	14,221	106,787
Accrued interest payable	55,752	-	55,752
Compensated absences	98,338	31,875	130,213
Customer deposits	54,224	235,798	290,022
Equipment note	60,750	-	60,750
Lease obligation	12,296	-	12,296
IT subscription obligation	32,431	-	32,431
Purchase agreement	32,119	-	32,119
General obligation bonds/notes	2,755,000	-	2,755,000
Total OPEB liability	5,892	2,070	7,962
Total current liabilities	3,880,201	319,608	4,199,809
Noncurrent liabilities:			
IT subscription obligation	97,565	-	97,565
Purchase agreement	253,914	-	253,914
General obligation bonds/notes	18,939,057	-	18,939,057
Total OPEB liability	72,761	24,923	97,684
Net pension liability	207,630	108,504	316,134
Total noncurrent liabilities	19,570,927	133,427	19,704,354
Total liabilities	23,451,128	453,035	23,904,163
Deferred inflows of resources:			
OPEB related deferred inflows	55,792	19,147	74,939
Pension related deferred inflows	90,470	11,752	102,222
Unavailable revenue, lease receivable	788,817	-	788,817
Unavailable revenue, property taxes	3,235,935	-	3,235,935
Unavailable revenue, tax increment financing	2,782,803	-	2,782,803
Total deferred inflows of resources	6,953,817	30,899	6,984,716
Net Position:			
Net investment in capital assets	19,189,613	13,560,157	32,749,770
Restricted for:			
Development TIF	359,184	-	359,184
Capital projects	5,045,768	-	5,045,768
Streets	154,562	-	154,562
Employee benefits	252,478	-	252,478
Special levies	159,718	-	159,718
Debt service	185,641	-	185,641
Unrestricted	6,166,380	2,229,227	8,395,607
Total net position	31,513,344	15,789,384	47,302,728
Total liabilities, deferred inflows of resources and net position	\$ 61,918,289	\$ 16,273,318	\$ 78,191,607

City of LeClaire, Iowa

Statement of Activities
Year Ended June 30, 2024

	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Public safety	\$ 1,698,711	\$ 2,313,564	\$ 177,750	\$ -
Public works	1,869,716	389,410	675,587	-
Culture and recreation	640,720	78,981	15,441	-
Community and economic development	1,653,692	37,260	10,000	-
General government	1,064,453	122,392	-	-
Interest on long-term debt	698,283	-	-	-
Total governmental activities	7,625,575	2,941,607	878,778	-
Business-type activities:				
Sewer	1,258,958	948,788	-	28,374
Total primary government	\$ 8,884,533	\$ 3,890,395	\$ 878,778	\$ 28,374

General Revenues

Property taxes levied for:
General purposes
Debt service
Tax increment financing
Other taxes
Hotel/motel tax
Sales tax
Revenue in lieu of taxes
Investment earnings

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year
Net position, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 792,603	\$ -	\$ 792,603
(804,719)	-	(804,719)
(546,298)	-	(546,298)
(1,606,432)	-	(1,606,432)
(942,061)	-	(942,061)
(698,283)	-	(698,283)
(3,805,190)	-	(3,805,190)
-	(281,796)	(281,796)
(3,805,190)	(281,796)	(4,086,986)
1,745,540	-	1,745,540
1,482,775	-	1,482,775
2,817,677	-	2,817,677
68,868	-	68,868
294,666	-	294,666
943,412	-	943,412
25,156	-	25,156
816,531	121,823	938,354
16,900	(16,900)	-
8,211,525	104,923	8,316,448
4,406,335	(176,873)	4,229,462
27,107,009	15,966,257	43,073,266
\$ 31,513,344	\$ 15,789,384	\$ 47,302,728

City of LeClaire, Iowa

Balance Sheet
Governmental Funds
June 30, 2024

	General	Tax Increment Financing	Debt Service
Assets			
Cash and investments	\$ 6,682,486	\$ 349,897	\$ 181,332
Receivables, net of allowance:			
Property taxes	1,752,656	-	1,483,279
TIF financing	-	2,782,803	-
Customer accounts	84,201	-	-
Due from other governments	88,617	9,287	6,109
Lease receivable	752,414	-	-
Inventories	2,490	-	-
Restricted, cash and investments	99,725	-	-
Total assets	\$ 9,462,589	\$ 3,141,987	\$ 1,670,720
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Accounts payable	\$ 130,741	\$ -	\$ 1,800
Salaries and benefits payable	70,217	-	-
Customer deposits	54,224	-	-
Total liabilities	255,182	-	1,800
Deferred inflows of resources, unavailable revenue:			
Property taxes	1,752,656	-	1,483,279
Tax increment financing	-	2,782,803	-
Lease receivable	788,817	-	-
Grants	-	-	-
Total deferred inflows of resources	2,541,473	2,782,803	1,483,279
Fund balances:			
Nonspendable:			
Inventories	2,490	-	-
Restricted:			
Tax increment financing	-	359,184	-
Capital projects	-	-	-
Special levies	159,718	-	-
Road use tax	-	-	-
Employee benefits	-	-	-
Donor purposes, capital	99,725	-	-
Debt service	-	-	185,641
Committed, nuisance abatement	31,411	-	-
Unassigned	6,372,590	-	-
Total fund balances	6,665,934	359,184	185,641
Total liabilities, deferred inflow of resources and fund balances	\$ 9,462,589	\$ 3,141,987	\$ 1,670,720

See Notes to Basic Financial Statements.

Capital Projects	Nonmajor Governmental Funds	Total
\$ 5,819,425	\$ 696,755	\$ 13,729,895
-	-	3,235,935
-	-	2,782,803
-	-	84,201
40,824	141,906	286,743
-	-	752,414
-	22,088	24,578
-	-	99,725
<u>\$ 5,860,249</u>	<u>\$ 860,749</u>	<u>\$ 20,996,294</u>

\$ 532,562	\$ 15,730	\$ 680,833
-	22,349	92,566
-	-	54,224
<u>532,562</u>	<u>38,079</u>	<u>827,623</u>

-	-	3,235,935
-	-	2,782,803
-	-	788,817
40,824	-	40,824
<u>40,824</u>	<u>-</u>	<u>6,848,379</u>

-	22,088	24,578
-	-	359,184
5,286,863	415,630	5,702,493
-	-	159,718
-	132,474	132,474
-	252,478	252,478
-	-	99,725
-	-	185,641
-	-	31,411
-	-	6,372,590
<u>5,286,863</u>	<u>822,670</u>	<u>13,320,292</u>
<u>\$ 5,860,249</u>	<u>\$ 860,749</u>	<u>\$ 20,996,294</u>

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City of LeClaire, Iowa

**Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2024**

Total governmental fund balances \$ 13,320,292

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 40,575,471

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds. 40,824

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. (55,752)

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

OPEB related deferred outflows of resources	11,768	
OPEB related deferred inflows of resources	(55,792)	
Pension related deferred outflows of resources	334,756	
Pension related deferred inflows of resources	(90,470)	200,262

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

General obligation bonds/notes	(21,430,000)	
Premium on long-term debt	(264,057)	
Equipment note	(60,750)	
Lease obligation	(12,296)	
IT subscription obligation	(129,996)	
Purchase agreement	(286,033)	
Compensated absences	(98,338)	
Total OPEB liability	(78,653)	
Net pension liability	(207,630)	(22,567,753)

Net position of governmental activities \$ 31,513,344

See Notes to Basic Financial Statements.

City of LeClaire, Iowa

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024

	General	Tax Increment Financing	Debt Service
Revenues:			
Property taxes	\$ 1,745,540	\$ -	\$ 1,482,775
Tax increment financing	-	2,817,677	-
Other taxes	345,498	-	18,036
Licenses and permits	22,342	-	-
Intergovernmental	216,764	-	11,583
Charges for services	438,561	-	-
Use of money and property	493,708	64,706	32,332
Fines, fees and miscellaneous	2,390,121	-	-
Total revenues	5,652,534	2,882,383	1,544,726
Expenditures:			
Current:			
Public safety	1,305,596	-	-
Public works	390,691	-	-
Culture and recreation	565,642	-	-
Community and economic development	403,923	1,249,769	-
General government	646,463	-	-
Capital outlay	376,525	-	-
Debt service:			
Principal	45,832	-	2,736,775
Interest, issuance costs and fiscal charges	451	-	627,714
Total expenditures	3,735,123	1,249,769	3,364,489
Revenues over (under) expenditures	1,917,411	1,632,614	(1,819,763)
Other financing sources (uses):			
Issuance of long-term debt	-	-	-
Premium on issuance of long-term debt	-	-	-
Issuance of IT subscription obligation	162,780	-	-
Transfers in	340,389	-	1,878,435
Transfers out	(2,148,636)	(1,547,355)	-
Total other financing sources (uses)	(1,645,467)	(1,547,355)	1,878,435
Net change in fund balances	271,944	85,259	58,672
Fund balances, beginning	6,393,990	273,925	126,969
Fund balances, ending	\$ 6,665,934	\$ 359,184	\$ 185,641

See Notes to Basic Financial Statements.

Capital Projects	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 3,228,315
-	-	2,817,677
-	943,412	1,306,946
-	-	22,342
4,536	675,587	908,470
-	-	438,561
264,905	43,347	898,998
-	335,833	2,725,954
269,441	1,998,179	12,347,263
-	254,269	1,559,865
-	667,821	1,058,512
-	11,095	576,737
-	-	1,653,692
-	323,821	970,284
3,584,941	75,485	4,036,951
-	-	2,782,607
102,937	-	731,102
3,687,878	1,332,491	13,369,750
(3,418,437)	665,688	(1,022,487)
4,915,000	-	4,915,000
102,714	-	102,714
-	-	162,780
2,032,012	612,341	4,863,177
-	(1,150,286)	(4,846,277)
7,049,726	(537,945)	5,197,394
3,631,289	127,743	4,174,907
1,655,574	694,927	9,145,385
\$ 5,286,863	\$ 822,670	\$ 13,320,292

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City of LeClaire, Iowa

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2024**

Net change in fund balances - governmental funds \$ 4,174,907

Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation/amortization expense in the current year, as follows:

Capital outlay	\$ 3,875,582	
Depreciation/amortization expense	<u>(1,334,477)</u>	2,541,105
 Loss on sale of capital assets		 (1,239)

Revenue in the statement of activities that does not provide current financial resources are not reported as revenues in the funds:

Grants		(4,536)
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Interfund charges for services for insurance	(327,717)	
Interfund expenditures for services for insurance	<u>327,717</u>	-

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 long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Issuance of long term debt	(4,915,000)	
Premium on issuance of long-term debt	(102,714)	
Repayment of principal	2,630,000	
Repayment of equipment note	57,868	
Repayment of lease obligation	18,257	
Repayment of IT subscription obligation	45,832	
Repayment of purchase agreement	30,650	
Issuance of IT subscription obligation	(162,780)	
Accrued interest on long-term debt	(11,693)	
Amortization of premium on long-term debt	<u>44,512</u>	(2,365,068)

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 the governmental funds, as follows:

Compensated absences	(23,546)	
Pension expense and related deferred inflows and outflows	66,954	
OPEB expense and related deferred inflows and outflows	<u>17,758</u>	61,166

Change in net position of governmental activities		<u>\$ 4,406,335</u>
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See Notes to Basic Financial Statements.

City of LeClaire, Iowa

Statement of Net Position
Proprietary Fund
June 30, 2024

	Enterprise Fund Sewer
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,515,360
Receivables, net of allowance for uncollectible amounts:	
Customer accounts and unbilled usage	115,923
Special assessments	22,708
Due from other governments	2,282
Inventories	5,612
Total current assets	<u>2,661,885</u>
Noncurrent assets:	
Capital assets not being depreciated	89,836
Capital assets, net of accumulated depreciation	13,470,321
Total noncurrent assets	<u>13,560,157</u>
Total assets	<u>16,222,042</u>
Deferred outflows of resources:	
OPEB related deferred outflows	4,038
Pension related deferred outflows	47,238
Total deferred outflows of resources	<u>51,276</u>
Total assets and deferred outflows of resources	<u>\$ 16,273,318</u>
Liabilities and net position	
Current liabilities:	
Accounts payable	\$ 35,644
Salaries and benefits payable	14,221
Compensated absences	31,875
Customer deposits	235,798
Total OPEB liability	2,070
Total current liabilities	<u>319,608</u>
Noncurrent liabilities:	
Total OPEB liability	24,923
Net pension liability	108,504
Total noncurrent liabilities	<u>133,427</u>
Total liabilities	<u>453,035</u>
Deferred inflows of resources:	
OPEB related deferred inflows	19,147
Pension related deferred inflows	11,752
Total deferred inflows of resources	<u>30,899</u>
Net position:	
Investment in capital assets	13,560,157
Unrestricted	2,229,227
Total net position	<u>15,789,384</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 16,273,318</u>

See Notes to Basic Financial Statements.

City of LeClaire, Iowa

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2024

	Enterprise Fund Sewer
Operating revenues:	
Charges for services	\$ 941,619
Special assessments	1,766
Miscellaneous	5,403
Total operating revenues	<u>948,788</u>
Operating expenses:	
Cost of sales and services	823,653
Depreciation	435,305
Total operating expenses	<u>1,258,958</u>
Operating (loss)	<u>(310,170)</u>
Nonoperating revenues:	
Investment earnings	121,823
Federal grants	28,374
Total nonoperating revenues	<u>150,197</u>
(Loss) before transfers	(159,973)
Transfers (out)	<u>(16,900)</u>
Change in net position	(176,873)
Total net position, beginning of year	15,966,257
Total net position, end of year	<u><u>\$ 15,789,384</u></u>

See Notes to Basic Financial Statements.

City of LeClaire, Iowa

Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2024

	Enterprise Fund Sewer
Cash flows from operating activities:	
Receipts from users	\$ 961,427
Receipts from other revenues	5,403
Payments to suppliers	(513,939)
Payments to employees	(354,927)
Net cash provided by operating activities	<u>97,964</u>
Cash flows from noncapital financing activities:	
Intergovernmental	26,190
Transfers to other funds	(16,900)
Net cash provided by noncapital financing activities	<u>9,290</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(83,286)
Net cash (used in) capital and related financing activities	<u>(83,286)</u>
Cash flows from investing activities:	
Interest received	121,823
Net cash provided by investing activities	<u>121,823</u>
Increase in cash and cash equivalents	145,791
Cash and cash equivalents:	
Beginning of year	2,369,569
End of year	<u>\$ 2,515,360</u>
Reconciliation of operating (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (310,170)
Adjustment to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	435,305
Change in assets and liabilities:	
Receivables	8,972
Special assessments	4,275
Inventories	(836)
Accounts payable	(20,925)
Salaries and benefits payable	2,316
Compensated absences	(665)
Customer deposits	4,795
Total OPEB liability and related deferrals	908
Net pension liability and related deferrals	(26,011)
Net cash provided by operating activities	<u>\$ 97,964</u>

See Notes to Basic Financial Statements.

City of LeClaire, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2024

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies

Nature of operations:

The City of LeClaire, Iowa (City) is a political subdivision of the State of Iowa located in Scott County. It was first incorporated in 1834 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City of LeClaire, Iowa 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 utilities.

The financial statements of the City of LeClaire, Iowa 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 of LeClaire, Iowa's basic financial statements have included all funds, organizations, agencies, boards, commissions and authorities for which the City is financially accountable. The City has also considered all potential 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. Accounting principles generally accepted in the United States of America require the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the aforementioned criteria, the City is considered a primary government and there are no other organizations or agencies whose financial statements should be combined and presented with the basic financial statements.

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 or appoint representatives to the following boards and commissions: Scott County Assessor's Conference Board, Scott County Emergency Management Commission, Scott County Area Solid Waste Management Commission, and Bi-State Regional Commission. Financial transactions of these organizations are not included in the City's financial statements.

Basis of presentation:

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

City of LeClaire, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

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

Separate financial statements are provided for governmental funds and proprietary funds. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund accounting: The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net position, revenues and expenditures or expenses, as appropriate. The City has the following funds:

Governmental fund types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of charges in financial position, rather than upon net income determination. The following are the City's major governmental funds:

General Fund: The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Tax Increment Financing Fund: The Tax Increment Financing Fund is a special revenue fund used to account for the revenue collected to be used for economic and community development purposes.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for and the payment of, principal and interest on the City's general obligation and tax increment financing long-term debt.

Capital Projects Fund: The Capital Projects Fund is used to account for the acquisition or construction of major capital improvements.

The other governmental funds of the City are considered nonmajor and are as follows:

Special Revenue Funds: Are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Road Use Tax Fund: A special revenue fund used to account for road use tax collected and remitted by the State.

Workers' Compensation Fund: A special revenue fund used to account for the workers compensation insurance program.

City of LeClaire, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Employees' Retirement FICA/IPERS Fund: To account for tax levies restricted for the employer portion of the retirement contribution.

Group Insurance Fund: To account for a tax levy which is to be used for the purpose of the City's insurance program.

Local Option Sales Tax Fund: To account for the local option sales tax collected and remitted by the state to be used for capital projects.

Proprietary fund types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise Funds: Are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The City reports the following major enterprise fund:

The Sewer Fund is used to account for the operation and maintenance of the City's wastewater treatment and sanitary sewer system and storm water sewer system.

Measurement focus and basis of accounting

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

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

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

City of LeClaire, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2024

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with the prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

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 long-term debt are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues 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 revenues of the City's Proprietary Fund is charges to customers for sales and services. Operating expenses for the Proprietary Fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Summary of significant accounting policies

The significant accounting policies followed by the City include the following:

Cash, pooled investments and cash equivalents: The cash balance of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments consist of money market accounts, 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. Investments are reported at fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

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

City of LeClaire, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

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 at 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 31 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 until the year for which it is levied.

Property tax revenues 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.

Customer accounts and unbilled usage: Accounts receivable are recorded in the Proprietary Fund at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billings dates is estimated and is recognized as revenue in the period in which the service is provided.

Interfund transactions: Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are property applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

Activity between funds that are representative of the lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Noncurrent portions of long-term interfund loan receivables are reported as advances within the governmental funds and are offset equally by a fund balance reserve account which indicates they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

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

Inventories: Inventories consist of consumable supplies and are valued at cost using the first-in first-out (FIFO) method. Inventories are recorded as expenses when consumed rather than when purchased.

City of LeClaire, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2024

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Restricted cash and investments: Restricted cash and investments include \$99,725 cash donations restricted for specific projects accounts.

Capital assets: Capital assets, including property, equipment and vehicles, and infrastructure assets (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 financial statements and the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Equipment and vehicles	\$	5,000
Land, buildings and improvements		10,000
Infrastructure		10,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	15-50 years
Equipment	5-20 years
Vehicles	4-30 years
Infrastructure	10-100 years

The City's collection of works of art and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

Leases: The City recognizes a lease liability and an intangible right-to-use lease asset in the governmental activities of the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial costs to place the asset in service. Subsequently, the lease asset is amortized on a straight-line basis over the life of the lease.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

City of LeClaire, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The City is a lessor for a noncancellable lease for space for cellular antenna's on City property. The City recognizes a lease receivable and a deferred inflow of resources in governmental activities and governmental funds statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITA) – The City has entered into contracts that convey control of the right to use information technology software. The City has recognized an IT subscription liability and an intangible right-to-use IT subscription asset in the government-wide financial statements.

At the commencement of the IT subscription term, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the IT subscription liability is reduced by the principal portion of payments made. The right-to-use an IT subscription asset is initially measured as the sum of the initial IT subscription liability, adjusted for payments made at or before the commencement date, plus capitalization implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the right-to-use IT subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to IT subscription arrangements include how the City determines the discount rate it uses to discount the expected payments to present value, term and payments.

City of LeClaire, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

The City uses the interest rate charged by the IT subscription vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate.

The IT subscription term includes the noncancellable period of the subscription. Payments included in the measurement of the liability are composed of fixed payments.

The City monitors changes in circumstances that would require a remeasurement of its IT subscription and will remeasure the right-to-use IT subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use IT subscription assets are reported with other capital assets and IT subscription liabilities are reported with long-term debt on the statement of net position.

Unearned revenues: Unearned revenues represent monies received by the City which are not yet earned.

Deferred outflows/inflows of resources: In addition to assets, the balance sheet and/or the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category; the pension related deferred outflows and the OPEB related deferred outflows.

In addition to liabilities, the balance sheet and/or statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from: property taxes, tax increment financing, lease receivable, and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In the City's government-wide statements the property tax and tax increment financing revenues remain as a deferred inflow of resources under the full accrual basis of accounting and will become an inflow in the year for which they are levied. The unavailable revenue from lease transactions will be recognized over the life of the lease term. The City also reports pension related deferred inflows and OPEB related deferred inflows in the government-wide statements and the proprietary fund statements.

Compensated absences: City employees accumulate a limited amount of earned unused vacation hours for subsequent use or for payment upon termination, death or retirement. The City also allows employees to accumulate compensatory time during the fiscal year in lieu of overtime pay. 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 who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2024. The compensated liability attributable to the governmental activities will be paid primarily by the General Fund.

City of LeClaire, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

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.

Fund balance: Governmental funds equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance is reported for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities.

Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision-making authority. Formal actions include resolutions and ordinances by the City's intent to use them for a specific purpose. Assigned fund balances are amounts intended to be used for specific purposes, as authorized by the City Council. Any residual fund balance of the General Fund and any deficits in other funds, if any, are reported as unassigned.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the City considers committed funds to be expended first followed by assigned and then unassigned funds.

Net position: In proprietary funds and government-wide financial statements, net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported in three categories:

Net investment in capital assets- consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent bond proceeds of \$1,329,836.

Restricted net position- results when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Net position restricted through enabling legislation consists of \$359,184 developmental TIF, \$252,478 employee benefits, \$159,718 special tax levies, \$154,562 streets, and \$5,045,768 capital projects.

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

The City first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Use of estimates: 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 and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

City of LeClaire, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Budgetary and legal appropriation and amendment policies: The City Council annually adopts a budget on or before March 31 of each year, which becomes effective July 1 and constitutes the City's appropriation for each program and purpose specified therein until amended. City budgets may be amended for specified purposes and budget amendments must be prepared and adopted in the same manner as the original budgets. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the program level. Appropriations, as adopted and amended, lapse at the end of the fiscal year. The City adopts its annual program budget which includes all funds on a modified accrual basis.

As allowed by GASB Statements No. 41, *Budgetary Comparison Schedules- Perspective Differences*, the City presents budgetary comparison schedules as required supplementary information based on the program structure of eight functional areas as required by state statute for its legally adopted budget.

The City exceeded budgeted expenditures in the debt service function by \$141,135.

Note 2. Deposits and Investments

The City's deposits in banks at 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 maintains cash and an investment pool for certain funds where the resources have been pooled in order to maximize investment opportunities.

The City is authorized by state 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.

As of June 30, 2024, the City's cash and cash equivalents totaled \$16,344,980.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the City's investment policy, the City limits its exposure to interest rate risk by structuring the portfolio to maximize yields while maintaining safety of principal.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City does not have any investments at June 30, 2024 which are subject to credit risk.

Concentration of Credit Risk: The City had no investments in any one issued (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments or investments by reporting unit (primary government, discretely presented component unit, governmental activities, major fund, nonmajor funds in the aggregate, fiduciary funds, etc.)

City of LeClaire, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

Note 2. Deposits and Investments (Continued)

Custodial Credit Risk- investments- For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2024, there was no investment custodial risk for the City.

The City categorizes its fair value measurements within fair value hierarchy established by generally accepted accounting principles. The hierarchy is 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 City has no investments subject to fair value measurements as of June 30, 2024.

Note 3. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2024:

	June 30, 2023 Balance	Additions	Deletions	June 30, 2024 Balance
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 85,590	\$ -	\$ -	\$ 85,590
Construction in progress	343,076	47,300	386,130	4,246
Total capital assets, not being depreciated	428,666	47,300	386,130	89,836
Capital assets, being depreciated:				
Buildings and improvements	491,091	386,130	-	877,221
Equipment and vehicles	947,252	15,443	125,587	837,108
Infrastructure, sewer network	17,961,719	20,543	-	17,982,262
Total capital assets, being depreciated	19,400,062	422,116	125,587	19,696,591
Less accumulated depreciation for:				
Buildings and improvements	315,994	20,320	-	336,314
Equipment and vehicles	749,339	24,289	125,587	648,041
Infrastructure, sewer network	4,851,219	390,696	-	5,241,915
Total accumulated depreciation	5,916,552	435,305	125,587	6,226,270
Total capital assets, being depreciated, net	13,483,510	(13,189)	-	13,470,321
Business-type activities capital assets, net	\$ 13,912,176	\$ 34,111	\$ 386,130	\$ 13,560,157

City of LeClaire, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 3. Capital Assets (Continued)

	June 30, 2023 Balance	Additions	Deletions	June 30, 2024 Balance
Governmental Activities				
Capital assets, not being depreciated and amortized:				
Land	\$ 1,449,576	\$ 31,826	\$ -	\$ 1,481,402
Land, right of way	106,403	-	-	106,403
Construction in progress	8,272,866	3,240,869	4,516,761	6,996,974
Total capital assets, not being depreciated and amortized	9,828,845	3,272,695	4,516,761	8,584,779
Capital assets being depreciated and amortized:				
Buildings and improvements	5,509,496	181,418	-	5,690,914
Equipment and vehicles	5,266,410	517,535	249,953	5,533,992
Infrastructure, road network	33,860,217	3,760,431	-	37,620,648
Infrastructure, other	1,086,383	497,484	-	1,583,867
Intangible right to use lease equipment	30,662	-	13,540	17,122
Intangible right to use lease building	64,986	-	-	64,986
Intangible right to use IT subscription	22,148	162,780	-	184,928
Total capital assets, being depreciated and amortized	45,840,302	5,119,648	263,493	50,696,457
Less accumulated depreciation and amortization for:				
Buildings and improvements	1,889,532	128,927	-	2,018,459
Equipment and vehicles	3,023,620	312,775	248,714	3,087,681
Infrastructure, road network	12,444,839	812,249	-	13,257,088
Infrastructure, other	202,176	39,258	-	241,434
Intangible right to use lease equipment	27,394	2,986	13,540	16,840
Intangible right to use lease building	42,241	12,997	-	55,238
Intangible right to use IT subscription	3,740	25,285	-	29,025
Total accumulated depreciation and amortization	17,633,542	1,334,477	262,254	18,705,765
Total capital assets, being depreciated and amortized, net	28,206,760	3,785,171	1,239	31,990,692
Governmental activities capital assets, net	\$ 38,035,605	\$ 7,057,866	\$ 4,518,000	\$ 40,575,471

City of LeClaire, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

Note 3. Capital Assets (Continued)

Depreciation expense was charged to the functions of the City as follows:

Governmental Activities:

General government	\$ 102,282
Culture and recreation	80,829
Public safety	163,623
Public works	987,743
Total depreciation and amortization expense, governmental activities	<u>\$ 1,334,477</u>

Business-Type Activities:

Sewer	<u>\$ 435,305</u>
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Note 4. Lease Receivable

The City rents to cellular radio-telephone communication companies. The City has entered into the following lease agreements:

- On May 3, 1999, the City entered into a ten-year lease with U.S. Cellular which has been amended to extend the terms to expire on April 1, 2044. The City is to receive annual rents ranging from \$2,539 to \$31,001 with an incremental lending rate of 3 percent. During the year ended June 30, 2024, the City earned principal of \$2,539 and interest of \$1,001 on the agreement.
- On February 19, 2001, the City entered into a ground space lease with New Cingular Wireless PCS, LLC (formerly CCATT LLC) which has been amended several times to extend the term for eleven five-year renewal terms to expire on February 28, 2066. However, the noncancellation period expires on March 1, 2030. The City is to receive annual rents ranging from \$43,403 to \$70,677 with an incremental lending rate of 3.0 percent. During the year ended June 30, 2024, the City earned principal of \$48,537 and interest of \$12,430.

A summary of the remaining lease receivable principal and interest to maturity is as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 61,597	\$ 22,439	\$ 84,036
2026	65,334	20,586	85,920
2027	69,237	18,653	87,890
2028	73,318	16,541	89,859
2029	78,152	14,297	92,449
2030-2034	148,912	46,405	195,317
2035-2039	110,689	30,473	141,162
2040-2044	145,175	10,961	156,136
Total	<u>\$ 752,414</u>	<u>\$ 180,355</u>	<u>\$ 932,769</u>

City of LeClaire, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

Note 5. Long-Term Debt

A summary of the changes in bonded and other long-term debt for the year ended June 30, 2024 is as follows:

	Balance, Beginning	Additions	Redeemed/ Matured	Balance, Ending	Due Within One Year
Governmental Activities					
General obligation bonds/notes	\$ 19,145,000	\$ 4,915,000	\$ 2,630,000	\$ 21,430,000	\$ 2,755,000
Premium	205,855	102,714	44,512	264,057	-
Equipment note	118,618	-	57,868	60,750	60,750
Lease obligation	30,553	-	18,257	12,296	12,296
IT subscription obligation	13,048	162,780	45,832	129,996	32,431
Purchase agreement	316,683	-	30,650	286,033	32,119
Compensated absences	74,792	98,338	74,792	98,338	98,338
Net pension liability	116,085	91,545	-	207,630	-
Total OPEB liability	89,678	-	11,025	78,653	5,892
	<u>\$ 20,110,312</u>	<u>\$ 5,370,377</u>	<u>\$ 2,912,936</u>	<u>\$ 22,567,753</u>	<u>\$ 2,996,826</u>
Business-Type Activities					
Compensated absences	\$ 32,540	\$ 31,875	\$ 32,540	\$ 31,875	\$ 31,875
Net pension liability	96,571	11,933	-	108,504	-
Total OPEB liability	26,305	688	-	26,993	2,070
	<u>\$ 155,416</u>	<u>\$ 44,496</u>	<u>\$ 32,540</u>	<u>\$ 167,372</u>	<u>\$ 33,945</u>

Compensated absences: Compensated absences attributable to governmental activities are generally liquidated by the General Fund.

General Obligation Bonds/Notes: On July 6, 2023, the City issued \$4,915,000 General Obligation Corporate Purpose Bonds, Series 2023A for the purpose of paying the costs street improvements, park improvements, equipment acquisition, and to pay costs associated with the issuance of the bonds. The bonds require annual principal payments ranging from \$285,000 to \$480,000 each June 1 commencing June 1, 2026 through maturity on June 1, 2038. Interest rates on the bonds range from 4.00 percent to 5.00 percent with interest due each December 1 and June 1 commencing June 1, 2024.

Details of general obligation bonds/notes payable at June 30, 2024 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2024
Governmental activities:						
General obligation bonds/notes:						
Corporate purpose refunding bonds	9/24/2015	1.65-3.45	6/1/2030	\$45,000-\$425,000	\$ 3,565,000	\$ 2,380,000
Sewer improvement notes	3/1/2016	3.00	6/1/2026	85,000-115,000	1,025,000	230,000
Annual appropriation corporate purpose and refunding bonds	10/15/2016	2.00-2.60	6/1/2028	115,000-515,000	3,805,000	1,380,000
Corporate purpose	8/22/2018	3.00-4.00	6/1/2028	275,000-1,030,000	4,405,000	3,055,000
Corporate purpose and refunding	7/7/2020	2.00	6/1/2028	60,000-1,925,000	8,570,000	7,100,000
Annual appropriation refunding bonds	7/16/2020	2.00	6/1/2027	705,000-840,000	5,555,000	2,370,000
Corporate purpose	7/6/2023	4.00-5.00	6/1/2028	285,000-480,000	4,915,000	4,915,000
Total governmental activities bonds/notes payable						<u>\$ 21,430,000</u>

City of LeClaire, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 5. Long-Term Debt (Continued)

A summary of the annual general obligation bonds/notes principal and interest requirements to maturity by year is as follows:

<u>Year ending June 30:</u>	Principal	Interest	Total
2025	\$ 2,755,000	\$ 622,505	\$ 3,377,505
2026	3,325,000	556,775	3,881,775
2027	3,470,000	463,155	3,933,155
2028	3,200,000	369,200	3,569,200
2029	2,630,000	276,558	2,906,558
2030-2034	4,240,000	662,213	4,902,213
2035-2038	1,810,000	187,000	1,997,000
Total	\$ 21,430,000	\$ 3,137,406	\$ 24,567,406

Equipment Note: The City entered into an equipment note for a fire truck. The following is a maturity schedule including interest at 4.98% per annum:

<u>Year ending June 30:</u>	Equipment Note		
	Principal	Interest	Total
2025	\$ 60,750	\$ 3,025	\$ 63,775
Total	\$ 60,750	\$ 3,025	\$ 63,775

Principal and interest payments under the equipment note totaled \$57,868 and \$5,907 respectively, during the year ended June 30, 2024. The fire truck original cost was \$790,153 and has \$529,712 accumulated depreciation for a net book value of \$260,441.

Leases: The City has entered into various lease agreements. The value of the total lease liability as of June 30, 2024 was \$12,296. Under the terms of the agreements, the City is required to make monthly principal and interest payments. The lease agreements have an interest rate of 3.0% with final maturity of all the agreements on June 30, 2025. The value of the right-to-use assets as of the end of the current fiscal year was \$82,108 with accumulated depreciation of \$72,078. The future principal and interest lease payments as of June 30, 2024 were as follows:

<u>Year ending June 30:</u>	City Hall Copier			Fire Copier		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 301	\$ 1	\$ 302	\$ 164	\$ 1	\$ 165

<u>Year ending June 30:</u>	Building Lease			Total		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 11,831	\$ 148	\$ 11,979	\$ 12,296	\$ 150	\$ 12,446

City of LeClaire, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 5. Long-Term Debt (Continued)

Subscription-Based Information Technology Arrangements (SBITA): The City has entered into subscription-based information technology arrangements. The total liability was \$129,996 as of June 30, 2024. Under the terms of the arrangements, the City is required to make monthly principal and interest payments. The arrangements have an interest rate of 3.0% with final maturity of all arrangements on June 30, 2028. The value of the right-to-use assets as of the end of the current fiscal year was \$184,928 with accumulated depreciation of \$29,025. The future principal and interest payments as of June 30, 2024 were as follows:

Year ending June 30:	Officer Safety			Taget		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 16,797	\$ 2,909	\$ 19,706	\$ 2,402	\$ 98	\$ 2,500
2026	17,482	2,225	19,707	-	-	-
2027	18,195	1,513	19,708	-	-	-
2028	18,935	771	19,706	-	-	-
Total	\$ 71,409	\$ 7,418	\$ 78,827	\$ 2,402	\$ 98	\$ 2,500

Year ending June 30:	Fleet 3			Total		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 13,232	\$ 2,247	\$ 15,479	\$ 32,431	\$ 5,254	\$ 37,685
2026	13,760	1,718	15,478	31,242	3,943	35,185
2027	14,311	1,168	15,479	32,506	2,681	35,187
2028	14,882	595	15,477	33,817	1,366	35,183
Total	\$ 56,185	\$ 5,728	\$ 61,913	\$ 129,996	\$ 13,244	\$ 143,240

Purchase Agreement: The City purchased a 10 acre parcel of land from the LeClaire Cemetery Association. The City paid \$52,503 at closing of the purchase on January 12, 2023. The City is required to pay \$40,819 on February 1, 2024 and each February 1 thereafter until February 1, 2032 when the remaining balance is due. The annual payment is principal and interest at a rate of 3.00 percent. The following is a summary of the annual principal and interest requirements to maturity:

Year ending June 30:	Purchase Agreement		
	Principal	Interest	Total
2025	\$ 32,119	\$ 8,700	\$ 40,819
2026	33,096	7,723	40,819
2027	34,102	6,716	40,818
2028	35,140	5,679	40,819
2029	36,208	4,610	40,818
2030-2032	115,368	7,088	122,456
Total	\$ 286,033	\$ 40,516	\$ 326,549

Contingent Liability for Hydro-Electric Promissory Note: On January 15, 1990 the City entered into a loan agreement with Voith Hydro, Inc., for \$700,000. The City received \$250,000 on May 14, 1990 and \$450,000 during the year ended June 30, 1991 for the purpose of paying costs related to the planning, design and development of the hydro-electric generating plant. The note bears interest payable at maturity at the rate of 7.25% per annum. The note will mature 30 days after the issuance of the notice to proceed. The outstanding balance at June 30, 2024 was \$700,000. The Federal Energy Regulatory Commission (FERC) imposed certain restrictions upon the City's license for the development of the generating plant.

City of LeClaire, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2024

Note 5. Long-Term Debt (Continued)

If the generating plant does not proceed, any accumulated assets are sold and used to satisfy the Voith Hydro, Inc. loan. Any remaining balance on the loan is forgiven. The future development of the generating plant remains uncertain. The note and interest payable are not general obligations of the City and are not payable from taxes or general revenues or funds of the City.

Conduit Debt: In fiscal year 2020, the City issued a \$10,000,000 Health Care Facilities Revenue Bond (WellSpire-Bettendorf Project) for the purpose of lending the proceeds to WellSpire, LLC to finance a portion of the costs of constructing, equipping, and furnishing facilities of a senior living campus. The bond was issued in conjunction with the City of Princeton, Iowa and the City of Riverdale, Iowa each issuing a \$10,000,000 Health Care Facilities Revenue Bond to WellSpire, LLC. The new senior living campus property financed by the three cities is pledged as collateral, and the bonds are payable solely from payments received by WellSpire, LLC directly to the debt holder. WellSpire, LLC is the obligor of the underlying bond for the project. In addition, no commitments beyond maintenance of the tax-exempt status of the conduit debt obligation were extended by the City for the bond. As June 30, 2024, the bonds have an aggregate outstanding principal amount payable of \$9,400,000. The City is only disclosing this conduit debt and has no obligations to make payments on this debt.

In fiscal year 2024, the City issued a \$10,000,000 Private School Facility Revenue Notes (St. Joan of Arc School Project) Series 2024 to finance a portion of the costs of constructing, equipping, and furnishing facilities of a private K-8 school. The notes were issued in conjunction with Blackhawk Bank & Trust. The school is pledged as collateral, and the notes are payable solely from revenues derived from the borrowers, St. John Vianney Church of Bettendorf, Iowa and Our Lady of Lourdes Church of Bettendorf, Iowa directly to the debt holder. St. John Vianney Church of Bettendorf, Iowa and Our Lady of Lourdes of Bettendorf, Iowa are the obligors of the underlying notes for the project. In addition, no commitments beyond maintenance of the tax-exempt status of the conduit debt obligation were extended by the City for the notes. As June 30, 2024, the bonds have an aggregate outstanding principal amount payable of \$10,000,000. The City is only disclosing this conduit debt and has no obligations to make payments on this debt.

Legal debt margin: As of June 30, 2024, the general obligation and contractual debt issued by the City did not exceed its legal debt margin as shown by the computation that follows:

Total assessed valuation*	\$ 582,466,561
Debt limit, 5% of total actual valuation	29,123,328
Debt applicable to debt limit:	
General obligation loan notes and bonds**	18,900,750
TIF rebate obligations	1,249,770
Lease obligation	12,296
IT subscription obligation	129,996
Purchase agreement	286,033
Legal debt margin	<u>\$ 8,544,483</u>

* 100% of assessed valuation including TIF increment.

**Only the annual appropriation debt principal coming due in the next fiscal year applies to the City's statutory debt limit. This includes TIF rebate obligations.

City of LeClaire, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2024

Note 6. Development and Rebate Agreements

The City has entered into development and rebate agreements to assist in certain urban renewal projects. The City agreed to rebate incremental taxes paid by the developers in exchange for infrastructure improvements, development of commercial retail space and residential housing constructed by the developers as set forth in the urban renewal plan and the individual development and rebate agreements. The incremental taxes to be received by the City under Chapter 403.19 of the Code of Iowa from the developers will be rebated for a period ranging from four to twenty years, beginning with the tax year in which the property taxes on the completed value of the improvements are first paid. Certain of the agreements include provisions for payment of interest. To the extent there are insufficient tax increment revenues available to make the required schedule payment on any payment date, the unpaid amount shall be carried over to the next payment date without accruing any further interest.

During the year ended June 30, 2024, the City rebated \$1,249,770 of the incremental taxes to the developers, paying \$1,249,770 of the principal and \$0 of the interest. The outstanding maximum commitment on the rebate agreements at June 30, 2024 is \$17,830,369.

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

Nine agreements with outstanding principal balances at June 30, 2024 include an annual appropriation clause and only the amount payable in the succeeding year is subject to the constitutional debt limitation.

On August 22, 2023 and amended in fiscal year 2024, the City entered into a Development Agreement with GRT QC Property, LLC for retail commercial development of Fareway Stores, Inc. and commercial development of an outlot for a Starbucks facility within the Rodgers 1st Addition Urban Renewal Area. The City agreed to provide up to sixteen consecutive annual payments of 80 percent of the tax increment on the property being developed not to exceed \$4,500,000. In addition to the tax increment, the City agreed to provide two grants of \$200,000 each to Fareway Stores, Inc. upon reaching certain benchmarks of the project. The first benchmark was met during fiscal year 2024 for the completion of the grocery store and the City paid the developer \$200,000. The remaining \$200,000 will be paid by the City upon the fifth anniversary of the grocery store operations.

Maximum Original Commitment	TIF District	RDA Date	Developer Name	Project	Reimbursement Terms	Expended June 30, 2024	June 30, 2024 Maximum Outstanding Commitment	Termination Date
\$ 1,350,000	TIF LMI	2/7/2012	JNB Pebble Creek and PVC Development	Pebbles Creek Villas "Priority"	LMI as available	90,000	360,000	June 1, 2027
2,340,000	TIF LMI	2/7/2012	JNB Pebble Creek and PVC Development	Pebbles Creek Villas "Balance"	LMI as available	214,649	1,573,350	June 1, 2027
75,000	TIF I	4/1/2013	Antique Archaeology	Retail Commercial	100% TIF	2,859	44,912	June 1, 2025
500,000	TIF II	2/18/2013	Markman Peat	Retail Commercial	Schedule	2,888	-	June 1, 2024
82,989	TIF II	10/1/2018	Dana Development	Commercial	85% TIF	-	82,989	June 1, 2026
12,817,325	TIF III	5/19/2003	Country Club Base, LLC	Pebbles Creek PH #1	100% TIF	527,818	5,744,496	June 1, 2026
10,000,000	TIF III	9/10/2006	Country Club Base, LLC	Pebbles Creek PH #2	100% TIF	411,556	5,524,622	June 1, 2026
<u>27,165,314</u>						<u>1,249,770</u>	<u>13,330,369</u>	
3,500,000	URA #1	8/22/2022	GRT QC Property LLC	Retail Commercial	80% TIF	-	3,500,000	June 1, 2040
1,000,000	URA #1	8/22/2022	GRT QC Property LLC	Retail Commercial	80% TIF	-	1,000,000	June 1, 2041
<u>\$ 31,665,314</u>						<u>\$ 1,249,770</u>	<u>\$ 17,830,369</u>	

City of LeClaire, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2024

Note 7. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2024 is as follows:

	Total	
	Transfers In	Transfers Out
Governmental activities:		
General fund	\$ 340,389	\$ 2,148,636
Tax increment financing	-	1,547,355
Debt service fund	1,878,435	-
Capital projects fund	2,032,012	-
Nonmajor governmental funds	612,341	1,150,286
Business-type activities:		
Sewer	-	16,900
Total	\$ 4,863,177	\$ 4,863,177

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

Note 8. Pension and Retirement Systems

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

Protection occupation members may retire at normal retirement age which is generally 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.

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 8. Pension and Retirement Systems (Continued)

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

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

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

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires 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 percent of covered payroll and the City contributed 9.44 percent for a total rate of 15.73 percent. Protective occupation members contributed 6.21 percent of pay of covered payroll and the City contributed 9.31 percent for a total rate of 15.52 percent.

The City's contributions to IPERS for the year ended June 30, 2024 were \$152,979.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the City reported a liability of \$316,134 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 IPERS participating employers. At June 30, 2023, the City's collective proportion was 0.0070040 percent which was an increase of 0.0013750 percent from its proportion measured as of June 30, 2022.

City of LeClaire, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

Note 8. Pension and Retirement Systems (Continued)

For the year ended June 30, 2024, the City recognized pension expense of \$60,014. At 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	\$ 130,101	\$ 1,746
Changes of assumptions	-	28,764
Net difference between projected and actual earnings on pension plan investments	72,141	-
Changes in proportion and differences between City contributions and proportionate share of contributions	26,773	71,712
City contributions subsequent to the measurement date	152,979	-
Total	\$ 381,994	\$ 102,222

Deferred outflows of resources of \$152,979 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 ended 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 Ended June 30,	
2025	\$ (16,581)
2026	(57,523)
2027	171,556
2028	25,472
2029	3,869
Total	\$ 126,793

There were no non-employer contributing entities at 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 percent per annum
Salary Increases (effective June 30, 2017)	3.25 percent to 16.25 percent average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 2017)	7.00 percent, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25 percent per annum, based on 2.60 percent inflation and 0.65 percent 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.

City of LeClaire, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2024

Note 8. Pension and Retirement Systems (Continued)

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	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%	

Discount Rate – The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City'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 7.0 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability (asset)	\$ 1,177,693	\$ 316,134	\$ (406,031)

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

Payables to the Pension Plan – At June 30, 2024, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

City of LeClaire, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2024

Note 9. Other Post-Employment Benefits

Plan description: The City's defined benefit OPEB plan, City of LeClaire Postemployment Plan Other Than Pensions (the Plan), provides postemployment benefits for eligible participants enrolled in its plans. The Plan is a single employer defined benefit OPEB plan administered by the City. Under Chapter 509A.13 of the Code of Iowa, "Group Insurance for Public Employees," If a governing body has procured insurance for its employees, the governing body shall allow its employees who retired before the age of sixty-five years of age to continue participation in the group plan at the employee's own expense until the employee attains sixty-five years of age. The retiree must be at least 55 years of age, have ten years of full-time service and already participating in the health plan at retirement to be eligible.

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

Benefits provided: The Plan provides healthcare benefits including medical, hospitalization, prescription drug and dental benefits for retirees and their spouses. Retiree health care coverage is available to eligible retirees of any age. There retirees are responsible for paying 100% of the associated premiums for these benefits.

The full monthly premium rates as of January 1, 2023 for each plan are as shown below:

Plan	Employee	Employee/Spouse
PPO Plan	\$ 495	\$ 1,039

Employees covered by benefit terms: At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	28
	<u>28</u>

Total OPEB Liability: The City's total OPEB liability of \$105,646 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2024 rolled forward actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00% per annum
Salary increases	4.00% per annum
Discount rate	4.21% per annum
Retirees' share of benefit-related costs	100%
Health care cost trend rate	6.50% initial decreasing to an ultimate rate of 4.50%

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index. Mortality rates were based on the PubG.H-2010 general mortality with mortality improvement using scale MP-2020. The actuarial assumptions used in the June 30, 2024 rolled forward valuation were based on the results of an actuarial experience study for the period 2010– 2021.

City of LeClaire, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

Note 9. Other Post-Employment Benefits (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2023	\$ 115,983
Changes for the year:	
Service cost	11,781
Interest	4,626
Changes of benefit terms	-
Differences between expected and actual experience	(8,626)
Changes in assumptions or other inputs	(10,156)
Benefit payments	(7,962)
Other changes	-
Net changes	(10,337)
Balance at June 30, 2024	\$ 105,646

There were no changes as a result of changes in benefit terms. Changes of assumptions or other inputs reflect a change in the discount rate from 4.13% per annum in 2023 to 4.21% per annum in 2024.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	3.21%	4.21%	5.21%
Total OPEB liability	\$ 113,645	\$ 105,646	\$ 98,480

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents that total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	5.50%	6.50%	7.50%
Total OPEB liability	\$ 97,096	\$ 105,646	\$ 115,365

For the year ended June 30, 2024, the City recognized OPEB expense (revenue) of (\$8,889). At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 28,338
Changes of assumptions or other inputs	15,806	46,601
Net difference between projected and actual investments	-	-
Total	\$ 15,806	\$ 74,939

City of LeClaire, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 9. Other Post-Employment Benefits (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2025	\$ (19,260)
2026	(17,127)
2027	(16,561)
2028	(3,203)
2029	(2,982)
Thereafter	-
	<u>\$ (59,133)</u>

Note 10. Risk Management

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

The City is partially self-funded for health benefits. The City funds claims between the deductible plan of \$7,500 employee only / \$15,000 family covered by the insurance company and the City's partially self-funded deductibles of \$450 employee only / \$900 family up to the amount of the maximum out of pocket. The maximum out of pocket for the City is \$1,750 employee only / \$3,500 family. The current plan began during the year ended June 30, 2022. Previously the City prefunded the potential partially self-funded liability. Under the new plan, payments are made to the plan based on amounts needed to pay prior and current year claims. Changes in claim liability amounts for the year ended June 30, 2024 and 2023 are recorded in the general fund and were as follows:

	2024	2023
Claims payable, beginning of year	\$ 15,000	\$ 21,427
Incurred claims	82,523	61,750
Claim payments	77,523	68,177
Claim payable, end of year	<u>\$ 20,000</u>	<u>\$ 15,000</u>

The City self-funds short-term disability benefits for employees. Benefits equal 100% of the employee's salary for the first three working days and 75% of the employee's salary for the remaining days up to six months, at which time the City's long-term disability insurance coverage begins. The City records the plan assets and related liabilities for the self-funded plan in the General Fund.

City of LeClaire, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

Note 11. Commitments

The City has entered into contracts totaling \$6,526,395 for numerous projects pertaining to road reconstruction, community revitalization, bridge, and other improvements. As of June 30, 2024, costs of \$5,517,575 had been incurred against the contracts. The balance of \$1,008,820 remaining as of June 30, 2024, will be paid as work on the projects progress.

Note 12. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

The City adopted the following statement during the year ended June 30, 2024:

GASB Statement No. 100, *Accounting Changes and Error Corrections- An Amendment of GASB Statement No. 62*, issued June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

The above statement did not have a material impact on the City's Financial Statements.

As of June 30, 2024, GASB had issued several statements not yet required to be implemented by the City. The Statements which might impact the City are as follows:

GASB Statement No. 101, *Compensated Absences*, issued June 2022, will be effective for the City beginning with its fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (As long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement No. 102, *Certain Risk Disclosures*, issued December 2023, will be effective for the City beginning with its fiscal year ending June 30, 2025. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should provide information in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact associated with the concentration or constraint. The disclosures should include descriptions of the following: (a) The concentration or constraint (b) Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (c) Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

City of LeClaire, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

Note 12. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

GASB Statement No. 103, *Financial Reporting Model Improvements*, issued April 2024, will be effective for the City beginning with its fiscal year ending June 30, 2026. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, issued September 2024, will be effective for the City beginning with its fiscal year ending June 30, 2026. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale

The City's Management has not yet determined the effect these Statements will have on the City's financial statements.

City of LeClaire, Iowa

Budgetary Comparison Schedule
Budget and Actual - All Governmental and Proprietary Funds
Required Supplementary Information
Year Ended June 30, 2024

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual
Revenues:			
Property tax	\$ 3,228,315	\$ -	\$ 3,228,315
Tax increment financing	2,817,677	-	2,817,677
Other taxes	1,306,946	-	1,306,946
Special assessments	-	1,766	1,766
Licenses and permits	22,342	-	22,342
Intergovernmental	908,470	28,374	936,844
Charges for services	438,561	941,619	1,380,180
Use of money and property	898,998	121,823	1,020,821
Fines, fees and miscellaneous	2,725,954	5,403	2,731,357
Total revenues	12,347,263	1,098,985	13,446,248
Expenditures/expenses:			
Public safety	1,559,865	-	1,559,865
Public works	1,058,512	-	1,058,512
Culture and recreation	576,737	-	576,737
Community and economic development	1,653,692	-	1,653,692
General government	970,284	-	970,284
Capital outlay	4,036,951	-	4,036,951
Debt service	3,513,709	-	3,513,709
Business-type	-	1,258,958	1,258,958
Total expenditures/expenses	13,369,750	1,258,958	14,628,708
Excess (deficiency) of revenues over (under) expenditures/expenses	(1,022,487)	(159,973)	(1,182,460)
Other financing sources (uses), net	5,197,394	(16,900)	5,180,494
Net change in fund balance	4,174,907	(176,873)	3,998,034
Balance, beginning of year	9,145,385	15,966,257	25,111,642
Balance, end of year	<u>\$ 13,320,292</u>	<u>\$ 15,789,384</u>	<u>\$ 29,109,676</u>

See Notes to Required Supplementary Information.

Budgeted Amounts		Final to Actual
Original	Final	Variance Over (Under)
\$ 3,169,885	\$ 3,169,885	\$ 58,430
2,838,332	2,838,332	(20,655)
1,195,120	1,315,908	(8,962)
100	100	1,666
21,900	21,900	442
4,514,390	4,759,034	(3,822,190)
1,411,420	1,411,420	(31,240)
138,900	639,900	380,921
2,170,573	2,360,801	370,556
15,460,620	16,517,280	(3,071,032)
1,616,706	1,802,110	242,245
1,024,409	1,083,480	24,968
618,069	697,071	120,334
1,692,446	1,711,746	58,054
1,150,474	1,186,039	215,755
9,736,000	11,902,423	7,865,472
3,372,574	3,372,574	(141,135)
1,333,676	1,443,676	184,718
20,544,354	23,199,119	8,570,411
(5,083,734)	(6,681,839)	5,499,379
4,925,000	4,925,000	255,494
(158,734)	(1,756,839)	5,754,873

City of LeClaire, Iowa

**Required Supplementary Information
Schedule of Changes in the City's Total OPEB
Liability and Related Ratios
Last Seven Fiscal Years**

	2024	2023	2022
Total OPEB liability			
Changes for the year:			
Service cost	\$ 11,781	\$ 11,547	\$ 13,745
Interest	4,626	4,219	3,733
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(8,626)	-	(38,439)
Changes in assumptions or other inputs	(10,156)	(306)	(44,484)
Benefit payments	(7,962)	(5,266)	-
Other	-	-	-
Net changes in total OPEB liability	(10,337)	10,194	(65,445)
Total OPEB liability - beginning	115,983	105,789	171,234
Total OPEB liability - ending	<u>\$ 105,646</u>	<u>\$ 115,983</u>	<u>\$ 105,789</u>
Covered employee payroll	\$ 1,676,368	\$ 1,490,784	\$ 1,433,802
Total OPEB liability as a percentage of covered employee payroll	6.30%	7.78%	7.38%

Notes to Schedule:

Changes of benefit terms:

There were no changes to the benefit terms of the Plan.

Changes of assumption:

Changes of assumptions or other inputs reflect a change in the discount rate as follows:	4.21%	4.13%	4.09%
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No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75

Note: The schedule is intended to present information for ten years.
Information prior to 2018 is not available.

See Notes to Required Supplementary Information

City of LeClaire, Iowa

Required Supplementary Information

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

Iowa Public Employees' Retirement System

Last Ten Fiscal Years

	2024*	2023*	2022*	2021*
City's proportion of the net pension liability	0.0070040%	0.0056290%	0.1096609%	0.0101636%
City's proportionate share of the net pension liability (asset)	\$ 316,134	\$ 212,656	\$ (378,579)	\$ 713,968
City's covered payroll	\$ 1,471,454	\$ 1,281,288	\$ 1,309,171	\$ 1,219,782
City's proportionate share of the net pension liability as a percentage of its covered payroll	21.48%	16.60%	-28.92%	58.53%
Plan fiduciary net pension as a percentage of the total pension liability	90.13%	91.40%	100.81%	82.90%

*The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

See Notes to Required Supplementary Information.

2020*	2019*	2018*	2017*	2016*	2015*
0.0089765%	0.0097052%	0.0098054%	0.0097790%	0.8624300%	0.7270000%
\$ 519,799	\$ 614,168	\$ 653,162	\$ 316,134	\$ 426,083	\$ 288,304
\$ 1,160,723	\$ 1,187,450	\$ 1,132,041	\$ 1,060,081	\$ 1,048,239	\$ 1,020,742
44.78%	51.72%	57.70%	29.82%	40.65%	28.24%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

City of LeClaire, Iowa

**Required Supplementary Information
Schedule of City Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years**

	2024		2023		2022		2021	
Statutorily required contribution	\$	152,979	\$	138,142	\$	119,952	\$	124,360
Contributions in relation to the statutorily required contribution	\$	(152,979)	\$	(138,142)	\$	(119,952)	\$	(124,360)
Contribution deficiency (excess)	\$	-	\$	-	\$	-	\$	-
City's covered payroll	\$	1,630,853	\$	1,471,454	\$	1,281,288	\$	1,309,171
Contributions as a percentage of covered payroll		9.38%		9.39%		9.36%		9.50%

See Notes to Required Supplementary Information.

2020	2019	2018	2017	2016	2015
\$ 117,296	\$ 113,005	\$ 110,187	\$ 104,955	\$ 98,168	\$ 98,278
\$ (117,296)	\$ (113,005)	\$ (110,187)	\$ (104,955)	\$ (98,168)	\$ (98,278)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,219,782	\$ 1,160,723	\$ 1,187,450	\$ 1,132,041	\$ 1,060,081	\$ 1,048,239
9.62%	9.74%	9.28%	9.27%	9.26%	9.38%

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City of LeClaire, Iowa

Notes to Required Supplementary Information Year Ended June 30, 2024

Note 1. Budgetary Information

In accordance with the Code of Iowa, the City Council annually adopts a budget following publication of a required public notice and holding of a public hearing for all funds. The budget basis of accounting is in accordance with accounting principles generally accepted in the United States of America. 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 or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital outlay and business-type. During the year, two budget amendments increased budgeted expenditures by a total of \$2,654,765.

The City over expended the debt service function \$141,135.

Note 2. Iowa Public Employees' Retirement System

There are 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%.

City of LeClaire, Iowa

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue		
	Road Use Tax	Workers' Compensation	Employees' Retirement FICA/IPERS
Assets			
Cash and pooled investments	\$ 107,829	\$ 85,759	\$ 38,025
Due from other governments	53,578	-	-
Inventories	22,088	-	-
Total assets	\$ 183,495	\$ 85,759	\$ 38,025
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	15,529	-	-
Accrued liabilities	13,404	-	11,280
Total liabilities	28,933	-	11,280
Fund Balances:			
Nonspendable:			
Inventories	22,088	-	-
Restricted	132,474	85,759	26,745
Total fund balance	154,562	85,759	26,745
Total liabilities, deferred inflows of resources and fund balances	\$ 183,495	\$ 85,759	\$ 38,025

Group Insurance	Local Option Sales Tax	Total
\$ 137,840	\$ 327,302	\$ 696,755
-	88,328	141,906
-	-	22,088
<u>\$ 137,840</u>	<u>\$ 415,630</u>	<u>\$ 860,749</u>

201	-	15,730
(2,335)	-	22,349
<u>(2,134)</u>	<u>-</u>	<u>38,079</u>

-	-	22,088
139,974	415,630	800,582
<u>139,974</u>	<u>415,630</u>	<u>822,670</u>

<u>\$ 137,840</u>	<u>\$ 415,630</u>	<u>\$ 860,749</u>
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City of LeClaire, Iowa

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2024**

	Special Revenue		
	Road Use Tax	Workers' Compensation	Employees' Retirement FICA/IPERS
Revenues:			
Other taxes	\$ -	\$ -	\$ -
Use of money and property	-	-	-
Intergovernmental	675,587	-	-
Miscellaneous	984	7,132	-
Total revenues	676,571	7,132	-
Expenditures:			
Operating:			
Public safety	-	77,096	177,173
Public works	627,067	12,357	28,397
Culture and recreation	-	3,364	7,731
General government	-	256	589
Capital outlay	48,215	-	-
Total expenditures	675,282	93,073	213,890
Excess (deficiency) of revenue over (under) expenditures	1,289	(85,941)	(213,890)
Other financing sources (uses):			
Transfers in	-	92,767	213,890
Transfers (out)	(19,743)	-	-
Total other financing sources (uses)	(19,743)	92,767	213,890
Net change in fund balances	(18,454)	6,826	-
Fund balances, beginning of year	173,016	78,933	26,745
Fund balances, end of year	<u>\$ 154,562</u>	<u>\$ 85,759</u>	<u>\$ 26,745</u>

Group Insurance	Local Option Sales Tax	Total
\$ -	\$ 943,412	\$ 943,412
4,391	38,956	43,347
-	-	675,587
327,717	-	335,833
332,108	982,368	1,998,179
-	-	254,269
-	-	667,821
-	-	11,095
322,976	-	323,821
-	27,270	75,485
322,976	27,270	1,332,491
9,132	955,098	665,688
305,684	-	612,341
(303,746)	(826,797)	(1,150,286)
1,938	(826,797)	(537,945)
11,070	128,301	127,743
128,904	287,329	694,927
\$ 139,974	\$ 415,630	\$ 822,670

City of LeClaire, Iowa

Schedule of Revenues By Source And Expenditures By Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis			
	2024	2023	2022	2021
Revenues:				
Property taxes	\$ 3,228,315	\$ 3,077,373	\$ 2,830,902	\$ 2,370,837
Tax increment financing	2,817,677	2,818,960	2,789,045	3,515,220
Other taxes	1,306,946	1,350,124	1,338,654	963,292
Licenses and permits	22,342	22,945	16,883	17,998
Intergovernmental	2,725,954	2,698,939	975,039	844,911
Charges for service	438,561	434,336	411,608	486,359
Special assessments	-	-	-	-
Use of money and property	908,470	505,650	31,375	74,313
Fines, fees, and miscellaneous	898,998	2,900,426	2,673,113	684,817
Total revenues	\$ 12,347,263	\$ 13,808,753	\$ 11,066,619	\$ 8,957,747
Expenditures:				
Operating:				
Public safety	\$ 1,559,865	\$ 1,502,670	\$ 1,227,138	\$ 1,000,966
Public works	1,058,512	950,608	1,049,575	945,610
Culture and recreation	576,737	625,678	445,476	412,334
Community and economic development	1,653,692	1,502,282	1,540,771	1,803,350
General government	970,284	588,930	592,882	658,371
Debt service	3,513,709	3,310,065	3,381,321	9,397,596
Capital projects	-	-	-	-
Capital outlay	4,036,951	7,218,618	2,692,194	2,013,871
Total expenditures	\$ 13,369,750	\$ 15,698,851	\$ 10,929,357	\$ 16,232,098

Modified Accrual Basis						
2020	2019	2018	2017	2016	2015	
\$ 2,292,765	\$ 2,154,378	\$ 1,667,400	\$ 1,582,320	\$ 1,369,933	\$ 1,306,376	
3,521,299	3,779,889	4,578,542	4,378,921	4,067,524	3,790,417	
905,090	886,133	883,969	928,318	963,524	945,376	
23,377	21,963	18,359	13,978	12,398	13,589	
698,908	631,020	655,744	664,174	535,411	481,423	
410,710	391,591	358,570	384,002	318,656	314,699	
2	4	3	4	7	41	
701,614	617,999	196,470	122,700	216,796	88,770	
131,337	183,692	146,644	120,407	129,121	128,464	
<u>\$ 8,685,102</u>	<u>\$ 8,666,669</u>	<u>\$ 8,505,701</u>	<u>\$ 8,194,824</u>	<u>\$ 7,613,370</u>	<u>\$ 7,069,155</u>	
\$ 991,056	\$ 1,002,550	\$ 976,082	\$ 888,699	\$ 837,340	\$ 873,608	
929,843	1,048,640	959,623	810,097	808,430	787,628	
423,365	324,848	401,830	368,972	332,111	330,396	
1,823,102	2,249,419	2,600,233	2,506,417	2,259,402	2,040,641	
574,190	434,823	395,392	327,314	334,450	300,276	
2,903,877	9,409,047	3,513,537	8,470,319	3,278,598	2,922,517	
-	-	-	230,784	231,442	770,244	
3,363,498	672,624	448,895	165,080	587,822	184,159	
<u>\$ 11,008,931</u>	<u>\$ 15,141,951</u>	<u>\$ 9,295,592</u>	<u>\$ 13,767,682</u>	<u>\$ 8,669,595</u>	<u>\$ 8,209,469</u>	

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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 City Council
City of LeClaire, Iowa
LeClaire, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of LeClaire, Iowa, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 6, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 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's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City'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 of LeClaire, Iowa'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 of LeClaire, Iowa's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bohnsack & Frommelt LLP

Moline, Illinois
January 6, 2025

City of LeClaire, Iowa

**Schedule of Findings and Responses
Year Ended June 30, 2024**

Part I: Findings Relating to the Basic Financial Statements as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Control

No matters reported.

B. Instances of Noncompliance

No matters reported.

Part II: Other Findings Related to Required Statutory Reporting

II-A-24

Budget-

Finding: The City overexpended the debt service function (\$141,135).

Recommendation: The certified budget should be amended in accordance with Chapter 24.0 of the Code of Iowa before expenditures exceed budget.

Response and Corrective Action Plan: The City will amend future budgets in sufficient amounts to ensure certified budget is not exceeded.

Conclusion: Response accepted.

II-B-24

Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-24

Travel Expenses – No expenditures of City money for travel expenses of spouses of City officials or employees were noted. No travel advances to City officials or employees were noted.

II-D-24

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

II-E-24

Restricted Donor Activity – No transactions were noted between City, City Officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

II-F-24

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 insure that the coverage is adequate for current operations.

II-G-24

Council Minutes – No transactions requiring Council approval which had not been approved by the Council were noted.

II-H-24

Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investment policy were noted.

(Continued)

City of LeClaire, Iowa

**Schedule of Findings and Responses
Year Ended June 30, 2024**

II-I-24

Urban Renewal Annual Report- The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.

II-J-24

Payment of General Obligation Bonds- The City appears to be in compliance with Chapter 384.4 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.