



City of Spirit Lake, Iowa
\$5,000,000*
General Obligation Capital Loan Notes, Series 2026

(FAST Closing)
(Book Entry Only)
(Parity ® Bidding Available)

DATE: Tuesday, May 12, 2026
TIME: 1:00 PM Central

S&P Rating: “AA-”

* Preliminary, subject to change

PIPER | SANDLER

3900 Ingersoll Ave., Suite 110
Des Moines, IA 50312
515/247-2340

OFFICIAL BID FORM

TO: City Council of Spirit Lake, Iowa (the "Issuer")

Re: \$5,000,000* General Obligation Capital Loan Notes, Series 2026 dated the date of delivery, of the Issuer (the "Notes")

For all or none of the above Notes, in accordance with the notice of sale, we will pay you \$ _____ for the Notes bearing interest rates and maturing on June 1 in each of the stated years as follows:

<u>Coupon</u>	<u>Yield</u>	<u>Due June 1st</u>	<u>Coupon</u>	<u>Yield</u>	<u>Due June 1st</u>
_____	_____	2027	_____	_____	2037
_____	_____	2028	_____	_____	2038
_____	_____	2029	_____	_____	2039
_____	_____	2030	_____	_____	2040
_____	_____	2031	_____	_____	2041
_____	_____	2032	_____	_____	2042
_____	_____	2033	_____	_____	2043
_____	_____	2034	_____	_____	2044
_____	_____	2035	_____	_____	2045
_____	_____	2036	_____	_____	2046

_____ We hereby elect to have the following issued as term Notes:

<u>Principal Amount</u>	<u>Month and Year (Inclusive)</u>	<u>Maturity Month and Year</u>
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____

Subject to mandatory redemption requirement in the amounts and at the times shown above

_____ We will not elect to have any notes issued as term notes

We represent that we are a bidder with established industry reputation for underwriting new issuances of municipal bonds.

This bid is for prompt acceptance and for delivery of said Notes to use in compliance with the Official Terms of Offering, which is made a part of this proposal, by reference. Award will be made on a True Interest Cost Basis (TIC).

In order to permit bidders for the Notes and other participating underwriters in the primary offering of the Notes to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). The Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Notes, in the Note Resolution, to provide annual reports of specified information and notice of the occurrence of certain events, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, the events as to which notice is to be given, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

According to our computations (the correct computation being controlling in the award), we compute the following (to the dated date):

NET INTEREST COST:\$ _____ TRUE INTEREST RATE _____ %
(Computed from the dated date)

Account Manager

Signature of Account Manager

The foregoing offer is hereby accepted by and on behalf of the City Council of Spirit Lake, in the county of Dickinson, State of Iowa, this 12th day of May, 2026.

ATTEST:

City Clerk

Mayor

* Preliminary, subject to change

OFFICIAL TERMS OF OFFERING

This section sets forth the description of certain terms of the Notes as well as the terms of offering with which all bidders and bid proposals are required to comply, as follows:

The Notes. The Notes to be offered are the following:

GENERAL OBLIGATION CAPITAL LOAN NOTES, Series 2026 in the principal amount of \$5,000,000* dated the date of delivery (anticipated to be delivered on June 15, 2026) in the denomination of \$5,000 or multiples thereof, and maturing as shown on the front page of the official statement

* Adjustment to Principal Amount After Determination of Best Bid Each scheduled maturity of the Notes is subject to increase or decrease in increments of \$5,000, but the total amount to be issued will not exceed \$5,000,000. Such adjustments shall be made promptly after the sale and prior to the award of bids by the Issuer. To cooperate with any adjustment in the principal amounts, the Successful Bidder is required, as a part of its bid, to indicate its Initial Reoffering yield and Initial Reoffering price on each maturity of the Notes (said price shall be calculated to the date as indicated by the Issuer).

The dollar amount bid by the Successful Bidder may be changed if the aggregate principal amount of the Notes, as adjusted as described below, is adjusted, however the interest rates specified by the Successful Bidder for all maturities will not change. The Issuer's Municipal Advisor will make every effort to ensure that the percentage net compensation to the Successful Bidder (the percentage resulting from dividing (i) the aggregate difference between the offering price of the Notes to the public and the price to be paid to the Issuer (not including accrued interest), less any bond insurance premium and credit rating fee, if any, to be paid by the Successful Bidder, by (ii) the principal amount of the Notes) does not increase or decrease from what it would have been if no adjustment was made to principal amounts shown in the maturity schedule. Final adjustments shall be in the sole discretion of the Issuer.

The Successful Bidder may not withdraw or modify its bid once submitted to the Issuer for any reason, including post bond adjustment. Any adjustment shall be conclusive, and shall be binding upon the Successful Bidder.

Optional Redemption: The Notes maturing in the years 2035-2046, may be called for redemption by the Issuer and paid before maturity beginning June 1, 2034 or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Interest: Interest on the Notes will be payable on June 1, 2027 and semiannually on the 1st day of June and December thereafter. Interest shall be payable to the 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 Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

Book Entry System: The Notes will be issued by means of a book entry system with no physical distribution of certificates made to the public. The Notes will be issued in fully registered form and one certificate, representing the aggregate principal amount of the Notes maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Notes. Individual purchases of the Notes may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the Issuer to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Notes, will be required to deposit the certificates with DTC.

Good Faith Deposit: A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a wire in the amount of \$50,000 for the Notes, payable to the order of the Issuer, is required for each bid to be considered. If a wire is to be used, it must be received by the Issuer not later than two hours after the time stated for receipt of bids. The Municipal Advisor or the Issuer will provide the apparent winning bidder (the "Purchaser") with wiring instructions, by facsimile and email, within 10 minutes of the stated time when bids are due. If the wire is not received at the time indicated above, the Issuer will abandon its plan to award to the Purchaser, and will contact the next highest bidder received and offer said bidder the opportunity to become the Purchaser, on the terms as outlined in said bidder's bid, so long as said bidder submits a good faith wire within two hours of the time offered. The Issuer will not award the Notes to the Purchaser absent receipt of the Deposit prior to action awarding the Notes. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Notes. In the event the Purchaser fails to honor its bid, the Deposit will be retained by the Issuer.

Form of Bids: All bids shall be unconditional for the entire issue of Notes for a price of not less than 99.5% of par, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth herein. Bids must be submitted on or in substantial compliance with the Official Bid Form provided by the Issuer or through the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bid facilities or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be received after the time specified herein. The time as maintained by the Internet Bid System shall constitute the official time with respect to all Bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Confidential information sent via secured portal: All confidential information exchanged between the Issuer and the Purchaser (including but not limited to closing details and good faith wire details) must be sent via a secure portal. As a condition to closing, the winning bidder will cooperate with the Issuer, its legal counsel and its Municipal Advisor to ensure that all confidential information is sent via a secure portal.

Sealed Bidding: Sealed bids will not be allowed.

Internet Bidding: Internet bids must be submitted through Parity® ("the Internet Bid System"). Information about the Internet Bid System may be obtained by calling 212-849-5000.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purpose of submitting its internet bid in a timely manner and in compliance with the requirements of the Official Terms of Offering. The Issuer is permitting bidders to use the services of the Internet Bid System solely as a communication mechanism to conduct the internet bidding and the Internet Bid System is not an agent of the Issuer. Provisions of the Official Terms of Offering shall control in the events of conflict with information provided by the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the Internet Bid System. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

Rates of Interest: The rates of interest specified in the bidder's proposal must conform to the limitations following:

All Notes of each annual maturity must bear the same interest rate.

Rates of interest bid may be in multiples of 1/8th, 1/20th or 1/100th of 1%.

No interest rate bid for maturities 2036-2046 may be lower than the immediately preceding interest rate bid (level or ascending rates only, 2035 base year).

Establishment Of Issue Price: In order to provide the Issuer with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986 (the "Code"), as amended, and the Treasury Regulations promulgated thereunder, the Purchaser for each Series will be required to assist the Issuer in establishing the issue price of the Capital Loan Notes and shall complete, execute, and deliver to the Issuer prior to the closing date, a written certification in a form acceptable to the Issuer and Bond Counsel (the "Issue Price Certificate") in substantially the form attached hereto as Appendix E containing the following for each maturity of the Capital Loan Notes (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any documentation to be received by the Issuer pursuant hereto may be received on behalf of the Issuer by the Municipal Advisor.

The Issuer intends that the sale of the Capital Loan Notes pursuant to this Official Terms of Offering shall constitute a "competitive sale" as defined in the Regulation based on the following:

- (i) the Municipal Advisor shall cause this Official Terms of Offering to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (ii) all bidders shall have an equal opportunity to submit a bid;
- (iii) the Issuer reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Capital Loan Notes; and
- (iv) the Issuer anticipates awarding the sale of the Capital Loan Notes to the bidder who provides a bid with the lowest true interest cost (TIC), as set forth in this Official Terms of Offering.

Any bid submitted pursuant to this Official Terms of Offering shall be considered a firm offer for the purchase of the Capital Loan Notes, as specified in the bid. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its bid, the bidder confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Capital Loan Notes, to include provisions requiring compliance with the provisions of the Regulation regarding the initial sale of the Capital Loan Notes.

If all of the requirements of a "competitive sale" are not satisfied, the Issuer shall advise the Underwriter of such fact prior to the time of award of the sale of the Capital Loan Notes to the Underwriter. In such event, any bid submitted will not be subject to cancellation or withdrawal. Within twenty-four (24) hours of the notice of award of the sale of the Capital Loan Notes, the Underwriter shall advise the Issuer and its Municipal Advisor if a "substantial amount" (as defined in the Regulation) of any maturity of the Capital Loan Notes (and, if

different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which such substantial amount was sold. The Issuer will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The Issuer will not require the Underwriter to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Underwriter may elect such option. If the Underwriter exercises such option, the Underwriter shall notify the Municipal Advisor, and the Issuer will apply the initial offering price to the public provided in the Underwriter's bid as the issue price for such maturities. If the Underwriter does not exercise that option, it shall thereafter promptly provide the Issuer and the Municipal Advisor the prices at which a substantial amount of such maturities are sold to the public; provided such determination shall be made and the Issuer and Municipal Advisor notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Capital Loan Notes or until all of the Capital Loan Notes of a maturity have been sold.

Delivery: The Notes will be delivered to the Purchaser via FAST delivery with the Paying Agent holding the Notes on behalf of DTC, against full payment in immediately available cash or federal funds. The Notes are expected to be delivered within sixty days after the sale. Should delivery be delayed beyond sixty days from date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw its bid and thereafter its interest in and liability for the Notes will cease. (When the Notes are ready for delivery, the Issuer may give the successful bidder five working days' notice of the delivery date and the Issuer will expect payment in full on that date, otherwise reserving the right at its option to determine that the bidder has failed to comply with the offer of purchase.)

Official Statement: The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Notes, and any other information required by law or deemed appropriate by the Issuer, shall constitute a "Final Official Statement" of the Issuer with respect to the Notes, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). By awarding the Notes to any underwriter or underwriting syndicate submitting an Official Bid Form therefore, the Issuer agrees that, no more than seven (7) business days after the date of such award, it shall provide to the senior managing underwriter of the syndicate to which the Notes are awarded one (1) pdf of the Official Statement and the addendum described in the preceding sentence to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The Issuer shall treat the senior managing underwriter of the syndicate to which the Notes are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Notes agrees thereby that if its bid is accepted by the Issuer, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Notes for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

CUSIP Numbers: It is anticipated that CUSIP numbers will be printed on the Notes. In no event will the Issuer be responsible for or Bond Counsel review or express any opinion of the correctness of such numbers, and incorrect numbers on said Notes shall not be cause for the purchaser to refuse to accept delivery of the Notes. The fee will be paid for by the Issuer.

Responsibility of Bidder: It is the responsibility of the bidder to deliver its signed, completed bid prior to the time of sale as posted on the front cover of the official statement. Neither the Issuer nor its Municipal Advisor will assume responsibility for the collection of or receipt of bids. Bids received after the appointed time of sale will not be opened.

Continuing Disclosure: In order to permit bidders for the Notes and other participating underwriters in the primary offering of the Notes to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Notes, in the Note Resolution, to provide annual reports of specified information and notice of the occurrence of certain events, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, the events as to which notice is to be given, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

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

See the Official Statement section titled "**CONTINUING DISCLOSURE**" for details regarding the Issuer's compliance with past undertakings.

Bond Insurance: Application has not been made for municipal bond insurance. Should the Notes qualify for the issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. Any increased costs of issuance on the Notes resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the Issuer has requested and received a rating on the Notes from a municipal bond rating service, the Issuer will pay that rating fee. Any other rating service fees shall be the responsibility of the Purchaser.

Requested modifications to the Note Resolution or other issuance documents shall be accommodated by the Issuer at its sole discretion. In no event will modifications be made regarding the investment of funds created under the Note Resolution or other issuance documents without prior Issuer consent, in its sole discretion. Either the purchaser or the insurer must agree, in the insurance commitment letter or separate agreement acceptable to the Issuer in its sole discretion, to pay any future continuing disclosure costs of the Issuer associated with any rating changes assigned to the municipal bond insurer after closing (for example, if there is a rating change on the municipal bond insurer that require a material event notice filing by the Issuer, the purchaser or the municipal bond insurer must agree to pay the reasonable costs associated with such filing). Failure of the municipal bond insurer to issue the policy after the Notes have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery of the Notes.

Electronic Executed Documents: The Purchaser consents to the receipt of electronic transcripts and acknowledges the City's intended use of electronically executed documents. Iowa Code chapter 554D establishes electronic signatures have the full weight and legal authority as manual signatures.

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

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This Official Statement is not to be construed as a contract with the purchasers of the Notes. The Issuer considers the Official Statement to be "near final" within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. 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.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTIONS 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATIONS OF THESE SECURITIES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THESE SECURITIES 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 SECURITIES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

FORWARD-LOOKING STATEMENTS

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 "plan," "expect," "estimate," "budget" or similar words. 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 EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY 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.

**OFFICIAL STATEMENT
CITY OF SPIRIT LAKE, IOWA
\$5,000,000* GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2026**

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the City of Spirit Lake, Iowa (the “Issuer”), in connection with the sale of the Issuer’s General Obligation Capital Loan Notes, Series 2026 (the “Notes”). The Notes are being issued to provide funds to pay the costs of i) the opening, widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds, and market places, and the removal and replacement of dead or diseased trees thereon; the construction reconstruction and repairing of any street improvements, bridges, grade crossing separations and approaches; the acquisition, installation, and repair of sidewalks, culverts, retaining walls, storm sewers, sanitary sewers, water service lines, street lighting, and traffic control devices; and the acquisition of any real estate needed for any of the foregoing purposes including the reconstruction of 23rd St; ii) the acquisition, construction, reconstruction, extension, improvement, and equipping of works and facilities useful for the collection, treatment, and disposal of sewage in a sanitary manner and for the collection and disposal of surface waters and streams including the sewer collection utility improvements; iii) the acquisition, construction, reconstruction, improvement, repair, and equipping of waterworks, water mains, and extensions, and real and personal property, useful for providing potable water to the residents of the city including the water plant project; and iv) the costs associated with the issuance of the Notes. See “**SOURCES AND USES OF FUNDS**” herein.

This Official Statement is deemed to be a final official statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain pricing and other information which is to be made available through a final Official Statement.

This Introductory Statement is only a brief description of the Notes 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 Notes are general obligations of the Issuer, payable from and secured by a continuing annual ad-valorem tax levied against all of the taxable property located within the corporate limits of the Issuer. See “**THE NOTES – Source of Security for the Notes**” herein.

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.

THE NOTES

General

The Notes are dated as of the date of delivery and will bear interest at the rates to be set forth on the cover page herein, interest payable on June 1 and December 1 in each year, beginning on June 1, 2027 for the Notes, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or draft of the Paying Agent mailed 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 Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

Authorization for the Issuance

The Notes are being issued pursuant to Sections 384.24A and 384.25 of the Code of Iowa, 2025 as amended, and a resolution of the City Council of the Issuer expected to be adopted on May 26, 2025 (the “Note Resolution”).

Book Entry Only System

The following information concerning The Depository Trust Company (“DTC”), New York, New York and DTC’s book-entry system has been obtained from sources the Issuer believes to be reliable. However, the Issuer takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

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

* preliminary, subject to change

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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes 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 Notes 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 Notes 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Notes 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 Notes at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Transfer and Exchange

In the event that the Book Entry System is discontinued, any Note may, in accordance with its terms, be transferred by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation at the principal corporate office of the Registrar accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any Note or Notes shall be surrendered for transfer, the Registrar shall execute and deliver a new Note or Notes of the same maturity, interest rate, and aggregate principal amount.

Notes may be exchanged at the principal corporate office of the Registrar for a like aggregate principal amount of Notes or other authorized denominations of the same maturity and interest rate; provided, however, that the Registrar is not required to transfer or exchange any Notes which have been selected for prepayment and is not required to transfer or exchange any Notes during the period beginning 15 days prior to the selection of Notes for prepayment and ending the date notice of prepayment is mailed. The Registrar may require the payment by the Note Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. All Notes surrendered pursuant to the provisions of this and the preceding paragraph shall be canceled by the Registrar and shall not be redelivered.

Prepayment

Optional Prepayment. The Notes maturing after June 1, 2034, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Mandatory Sinking Fund Redemption. The Notes maturing on _____ are subject to mandatory redemption (by lot, as selected by the Registrar) on ____ 1 and _____ in each of the years _____ through _____ at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date in the following principal amounts:

____ Term Note

<u>Mandatory Sinking Fund Date</u>	<u>Principal Amount</u>
(maturity)	\$

Selection of Notes for Redemption. Notes subject to redemption will be selected in such order of maturity as the Issuer may direct. If less than all of a maturity is called for redemption, the Issuer will notify DTC of the particular amount of such maturity to be redeemed prior to maturity. DTC will determine by lot the amount of each Participant's interest in such maturity to be redeemed and each Participant will then select by lot the beneficial ownership interests in such maturity to be redeemed.

Notice of Redemption. Prior to the redemption of any Notes under the provisions of the Note Resolution, the Note Registrar shall give written notice not less than thirty (30) days prior to the redemption date to each registered owner thereof.

On the dates so designated for redemption, notice having been given in the manner and under the conditions hereinabove provided, and moneys for payment of the redemption price being held by the Issuer or an Escrow Agent, the Notes so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Notes on such date. Interest on the Notes so called for redemption shall cease to accrue as of the redemption date; such Notes shall cease to be entitled to any benefit hereunder, and the Note Holders shall have no rights in respect thereof except to receive payment of the redemption price thereof.

Notes which have been duly called for redemption, with respect to which irrevocable instructions to call for redemption at a stated redemption have been given to the Registrar, and moneys for the payment the face amount thereof, premium, if any, and interest on are held in separate accounts by the Registrar in trust for Noteholders shall not thereafter be deemed to be outstanding under the provisions of the Note Resolution, other than be entitled to receive payment from such sources.

Source of Security for the Notes

These Notes are general obligations of the Issuer. Subject only to constitutional limitations as to aggregate amount (discussed more fully in the “Debt Limit” section herein), 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 Notes without limitation as to amount.

Iowa Code section 76.2 provides that when an Iowa political subdivision issues general obligation bonds or notes, “the governing authority of these political subdivisions before issuing bonds or notes shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds or notes within a period named not exceeding twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds or notes in full.”

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

The Issuer’s obligation to pay the principal of and interest on the Notes is on a parity with the Issuer’s obligation to pay the principal of and interest on any other of its general obligation debt secured by a covenant to levy taxes within the Issuer, including any such debt issued or incurred after the issuance of the Notes. The Note Resolution does not restrict the Issuer’s ability to issue or incur additional general obligation debt, although issuance of additional general obligation debt is subject to the same constitutional and statutory limitations that apply to the issuance of the Notes. For a further description of the Issuer’s outstanding general obligation debt upon issuance of the Notes and the annual debt service on the Notes, see “APPENDIX A – Outstanding Debt”. For a description of certain constitutional and statutory limits on the issuance of general obligation debt, see “APPENDIX A – Debt Limit”.

NOTEHOLDERS’ RISKS

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

Financial Condition of the Issuer from time to time

No representation is made as to the future financial condition of the Issuer. Certain risks discussed herein could adversely affect the financial condition and or operations of the Issuer in the future. However, the Notes are secured by an unlimited ad valorem property tax as described more fully in the “**THE NOTES - Source of Security for the Notes**” herein.

Tax Levy Procedures

The Notes are general obligations of the Issuer, payable from and secured by a continuing ad valorem tax levied against all of the taxable property located within the corporate limits of the Issuer. See “**THE NOTES - Source of Security for The Notes**” herein for more details.

As part of the budgetary process each fiscal year, the Issuer will have an obligation to impose a debt service levy against all of the taxable property within the corporate limits 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 of the Notes for a particular fiscal year may cause Noteholders to experience delay in the receipt of distributions of principal of and/or interest on the Notes. In the event of a default in the payment of principal of or interest on the Notes, there is no provision for acceleration of maturity of the principal of the Notes. Consequently, the remedies of the owners of the Notes (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the Note Resolution) may have to be enforced from year to year.

Changes in Property Taxation

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Such alterations could adversely affect the Issuer’s financial condition. Historically, changes to property tax calculations and impositions are imposed on a prospective basis. However, there is no assurance future changes to property taxation by the Iowa General Assembly will not be applied retroactively. It is impossible to predict the outcome of future property taxation changes by the Iowa General Assembly or resulting impacts

on the Issuer's financial condition. However, the Notes are secured by an unlimited ad valorem property tax as described more fully in the "THE NOTES - Source of Security for the Notes" herein and "APPENIDX A – Legislation – Property Tax Matters" for discussion of recent legislative revisions.

Potential Impacts Resulting from Epidemics or Pandemics

The City's finances may be materially adversely affected by unforeseen impacts of future epidemics and pandemics. The City cannot predict future impacts of epidemics or pandemics, any similar outbreaks, or their impact on travel, on assemblies or gatherings, on the State, national or global economy, or on securities markets, or whether any such disruptions may have a material adverse impact on the financial condition or operations of the City, included but not limited to the payment of debt service on any of its outstanding debt obligations.

Loss of Tax Base

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

Secondary Market

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

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

Matters Relating to Enforceability

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

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Note Resolution. The opinion, to be delivered concurrently with the delivery of the Notes, will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principals of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Ratings Loss

S&P Global Ratings, a division of Standard and Poor's Financial Services LLC ("S&P") has assigned a rating of "AA-" to the Notes. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Notes.

In the future, the imposition of additional regulations on rating agencies could materially alter the methodology, rating levels, and types of ratings available, and these changes, if ever, could materially affect the market value of the Notes.

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 "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and

circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Notes.

Tax Matters, Bank Qualification and Loss of Tax Exemption

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

It is possible that legislation will be proposed or introduced that could result in changes in the way that tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding any pending or proposed federal income tax legislation. The likelihood of legislation being enacted cannot be reliably predicted.

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

DTC-Beneficial Owners

It is possible that beneficial Owners of the Notes may experience some delay in the receipt of distributions of principal of and interest on the Notes since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the 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 Notes can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Notes to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Notes, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See “THE NOTES – Book-Entry Only System.”

Pending Federal Tax Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals pending in Congress that could, if enacted, alter or amend one or more of the federal (or state) tax matters described herein in certain respects or would adversely affect the market value of the Notes or otherwise prevent holders of the Notes from realizing the full benefit of the tax exemption of interest on the Notes. Further, such proposals may impact the marketability or market value of the Notes simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Notes. In addition, regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Notes would be impacted thereby.

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. Failure to properly maintain functionality, control, security, and integrity of the Issuer’s information systems could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. Along with significant liability claims or regulatory penalties, any security breach could have a material adverse impact on the Issuer’s operations and financial condition.

The Issuer has a cyber-insurance policy. The Issuer cannot predict whether this policy will be sufficient in the event of a cyberattack. However, the Notes are secured by an unlimited ad valorem property tax as described more fully in the “THE NOTES - Source of Security for the Notes” herein.

Pensions

Pursuant to GASB 68, the Issuer reported a liability of \$509,975 of June 30, 2025 for its proportional share of the IPERS net pension liability. The new pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Issuer’s proportion of the net pension liability was based on the Issuer’s share of contributions to the IPERS pension plan relative to the contributions of all IPERS participating employers. At June 30, 2024, the Issuer’s collective proportion was .014005%, which was a decrease of .00279% from its proportion measured as of June 30, 2023. See “**APPENDIX A - Pensions**” for more summary information related to the Issuer’s contributions, and “**APPENDIX D—AUDITED FINANCIAL STATEMENTS OF THE ISSUER**” for additional information related to the Issuer’s deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity. Changes to the Issuer’s pension contributions, or available sources to fund said contributions, may adversely affect the Issuer’s financial condition. However, the Notes are secured by an unlimited ad valorem property tax as described more fully in the “THE NOTES - Source of Security for the Notes” herein.

Continuing Disclosure

A failure by the Issuer to comply with continuing disclosure obligations (see “CONTINUING DISCLOSURE” herein) will not constitute an event of default on the Notes. Any such failure must be disclosed in accordance with Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and may adversely affect the transferability and liquidity of the Notes and their market price.

Bankruptcy

The rights and remedies available to holders of the Notes 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 Notes and the Note Resolution, including the opinion of Bond Counsel, will be similarly qualified. If the Issuer were to file a petition under Chapter 9 of the Bankruptcy Code, the owners of the Notes could be prohibited from taking any steps to enforce their rights under the Note Resolution. In the event the Issuer fails to comply with its covenants under the Note Resolution or fails to make payments on the Notes, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Notes.

Under Iowa Code Chapter 76, specifically sections 76.16 and 76.16A, as amended, a city, county, or other political subdivision may become a debtor under Chapter 9 of the Federal bankruptcy code, if it is rendered insolvent, as defined in 11 U.S.C. §101(32)(c), as a result of a debt involuntarily incurred. As used therein, “debt” means an obligation to pay money, other than pursuant to a valid and binding collective bargaining agreement or previously authorized Note issue, as to which the governing body of the city, county, or other political subdivision has made a specific finding set forth in a duly adopted resolution of each of the following: (1) 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) 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) 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) the debt is not an obligation to pay money to a city, county, entity organized pursuant to chapter 28E of the Code of Iowa, or other political subdivision.

Suitability of Investment

The interest rate borne by the Notes is intended to compensate the investor for assuming the risk of investing in the Notes. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Notes are an appropriate investment for such investor.

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

Summary

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

LITIGATION

To the knowledge of the Issuer, no litigation is pending or threatened which, in the opinion of the City Attorney, if decided adversely to the Issuer would be likely to result, either individually or in the aggregate, in final judgments against the Issuer which would materially adversely affect its ability to meet debt service payments on the Notes when due, or its obligations under the Note Resolution, or materially adversely affect its financial condition.

ACCOUNTANT

The accrual-basis financial statements of the Issuer included as **APPENDIX D** to this Official Statement have been examined by Winther Stave & Co, LLP, Spencer, IA, to the extent and for the periods indicated in their report thereon. Such financial statements have been included herein without permission of said CPA, and said CPA expresses no opinion with respect to the Notes or the Official Statement.

UNDERWRITING

The Notes 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 Notes at an aggregate purchase price of \$ _____ plus accrued interest to the Closing Date.

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

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

THE PROJECT

The Notes are being issued to provide funds to pay the costs of i) the opening, widening, extending, grading, and draining of the right-of-way of streets, highways, avenues, alleys and public grounds, and market places, and the removal and replacement of dead or diseased trees thereon; the construction reconstruction and repairing of any street improvements, bridges, grade crossing separations and approaches; the acquisition, installation, and repair of sidewalks, culverts, retaining walls, storm sewers, sanitary sewers, water service lines, street lighting, and traffic control devices; and the acquisition of any real estate needed for any of the foregoing purposes including the reconstruction of 23rd St ; ii) the acquisition, construction, reconstruction, extension, improvement, and equipping of works and facilities useful for the collection, treatment, and disposal of sewage in a sanitary manner and for the collection and disposal of surface waters and streams including the sewer collection utility improvements; iii) the acquisition, construction, reconstruction, improvement, repair, and equipping of waterworks, water mains, and extensions, and real and personal property, useful for providing potable water to the residents of the city including the water plant project; and (iv) the costs associated with the issuance of the Notes

FUTURE FINANCING

As of the date of the Official Statement, the City does not anticipate issuing any additional debt within the next six months.

SOURCES AND USES OF FUNDS *

<u>Sources of Funds</u>	Note Proceeds
	Reoffering Premium
Total Sources of Funds	<hr/>
<u>Uses of Funds</u>	Project Funds
	Estimated Costs of Issuance
	Estimated Underwriter's Discount
	Contingency
Total Uses of Funds	<hr/>

* Preliminary, subject to change

TAX MATTERS

Tax Exemption and Related Considerations

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

Subject to the Issuer's compliance with the above referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

Interest on the Notes is not exempt from present Iowa income taxes. Ownership of the Notes may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Notes. Prospective purchasers of the Notes should consult their tax advisors regarding the applicability of any such state and local taxes.

Qualified Tax-Exempt Obligations

The Issuer intends to designate the Notes as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

Tax Accounting Treatment of Discount and Premium on Certain Notes

The initial public offering price of certain Notes (the "Discount Notes") may be less than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of Discount Notes (assuming that a substantial amount of the Discount Notes of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Notes. Purchasers of Discount Notes should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Notes. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Notes may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Notes ("Premium Notes") may be greater than the amount of such Notes at maturity. An amount equal to the difference between the initial public offering price of Premium Notes (assuming that a substantial amount of the Premium Notes of that maturity are sold to the public at such price) and the amount payable at maturity constitutes a premium to the initial purchaser

of such Premium Notes. Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Notes.

Other Tax Advice

In addition to the income tax consequences described above, potential investors should consider the additional tax consequences of the acquisition, ownership, and disposition of the Notes. For instance, state income tax law may differ substantially from state to state, and the foregoing is not intended to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to federal tax issues and with respect to the various state tax consequences of an investment in Notes.

Audits

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. To the best of the Issuer’s knowledge, no obligations of the Issuer are currently under examination by the Service. It cannot be predicted whether or not the Service will commence an audit of the Notes. If an audit is commenced, under current procedures the Service may treat the Issuer as a taxpayer and the Noteholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Notes until the audit is concluded, regardless of the ultimate outcome.

Reporting and Withholding

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Notes, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Note owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Note owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Legislation

From time to time, proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals or clarification of the Code may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed tax legislation, as to which Bond Counsel expresses no opinion. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Enforcement

Holders of the Notes shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Notes, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law, and the Note Resolution. There is no bond trustee or similar person to monitor or enforce the terms of the Note Resolution. In the event of a default in the payment of principal of or interest on the Notes, there is no provision for acceleration of maturity of the principal of the Notes. Consequently, the remedies of the owners of the Notes may have to be enforced from year to year.

The obligation to pay general ad valorem property taxes is secured by a statutory lien upon the taxed property, but is not an obligation for which a property owner may be held personally liable in the event of a deficiency. The owners of the Notes cannot foreclose on property within the boundaries of the Issuer or sell such property in order to pay the debt service on the Notes. In addition, the enforceability of the rights and remedies of owners of the Notes may be subject to limitation as set forth in Bond Counsel’s opinion.

The legal opinion to be delivered concurrently with the delivery of the Notes will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and to the exercise of judicial discretion in appropriate cases.

No representation is made, and no assurance is given, that the enforcement of any remedies with respect to such assets will result in sufficient funds to pay all amounts due under the Note Resolution, including principal of and interest on the Notes.

Opinion

Bond Counsel's opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Issuer described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel's opinion is not binding on the Service. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise.

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

MUNICIPAL ADVISOR

The Issuer has retained Piper Sandler & Co. as Municipal Advisor (the "Municipal Advisor") in connection with the issuance of the Notes. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of the Official Statement. The Municipal Advisor is not a public accounting firm and has not been engaged by the Issuer to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

CONTINUING DISCLOSURE

In order to permit bidders for the Notes and other participating underwriters in the primary offering of the Notes to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Notes, in the Note Resolution, to provide reports of specified information and notice of the occurrence of certain events, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, and the events as to which notice is to be given, is summarized below under the caption "**APPENDIX C - Form of Continuing Disclosure Certificate**" herein for more information.

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.

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

LEGAL MATTERS

The Notes are subject to approval as to certain legal matters by Ahlers & Cooney, P.C., Des Moines, Iowa, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement except to the extent described in the section herein entitled "**PREPARATION OF THE OFFICIAL STATEMENT**". Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements, or data contained in this Official Statement, and will express no opinion with respect thereto. The form of legal opinion, in substantially the forms set forth in **APPENDIX B** to this Official Statement, will be delivered at closing.

The legal opinion to be delivered concurrently with the delivery of the Notes expresses the professional judgment of the attorneys rendering the opinion as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

There is no bond trustee or similar person to monitor or enforce the provisions of the Note Resolution for the Notes. The owners of the Notes should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal or interest on the Notes, there is no provision for acceleration of maturity of the principal of the Notes. Consequently, the remedies of the owners of the Notes (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolutions for the Notes) may have to be enforced from year to year. The obligation to pay general ad valorem property taxes is secured by a statutory lien upon the taxed property, but is not an obligation for which a property owner may be held personally liable in the event of a deficiency. The owners of the Notes cannot foreclose on property within the boundaries of the City or sell such property in order to pay the debt service on the Notes. See "**THE NOTES – Source of Security for the Notes**" herein for a discussion on the pledged ad valorem property tax.

In addition, the enforceability of the rights and remedies of owners of the Notes may be subject to limitation as set forth in the Bond Counsel's opinion. The opinion will state, in part, that the obligation of the City with respect to the Notes may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and to the exercise of judicial discretion in appropriate cases.

PREPARATION OF THE OFFICIAL STATEMENT

Bond Counsel has not participated in the preparation of this Official Statement other than to review or prepare information describing the terms of the Notes, Iowa and Federal law pertinent to the validity of the Notes, and the tax status of interest on the Notes which can be found generally under the sections "THE NOTES" (excluding the sections entitled "Book Entry Only System" and "Transfer and Exchange"), "THE PROJECT", "TAX MATTERS" and "LEGAL MATTERS". Additionally, Bond Counsel has provided its form of bond opinion and form of Issuer's continuing disclosure certificate, found in Appendices B and C, respectively.

All other information contained in this Official Statement has been obtained by (or on behalf of) the City from sources which the City considers to be reliable but it makes no warranty, guaranty, or other representation with respect to the accuracy or completeness of such information.

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

MISCELLANEOUS

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

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 Notes, but neither the failure to print such numbers on any Notes nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Notes.

**APPENDIX A - INFORMATION ABOUT THE ISSUER
CITY OF SPIRIT LAKE, IOWA
CITY OFFICIALS**

MAYOR	Kevin Bice
COUNCIL MEMBERS	Dave Mensing Brad Tift Brett Johnson Angela Kofoot John Chappas
CITY ADMINISTRATOR/CLERK	Gregg Owens
DEPUTY CITY CLERK:	Amanda Harskamp
CITY ATTORNEY	Gregg Owens, Esq. Spirit Lake, Iowa

CONSULTANTS

BOND COUNSEL	Ahlers & Cooney, PC Des Moines, Iowa
COUNSEL TO THE MUNICIPAL ADVISOR	Dorsey & Whitney LLP Des Moines, Iowa
MUNICIPAL ADVISOR	Piper Sandler Des Moines, Iowa
PAYING AGENT	UMB Bank, n.a. West Des Moines, Iowa

General Information

The City of Spirit Lake (3,012 square miles) is located in northwestern Iowa in Dickinson County. The City serves as the county seat community for the County, a county which is noted for its recreational beauty. The City is adjacent to Big Spirit Lake, Iowa's largest natural lake and East Okoboji Lake. The city is the largest community in the Okoboji lakes area, an area consisting of Big Spirit Lake, East and West Lake Okoboji and half a dozen other small lakes. Other incorporated communities in the lakes area include: Milford, Orleans, West Okoboji, Okoboji and Arnolds Park. West Lake Okoboji is rated with Lake Geneva in Switzerland and Lake Louise in Canada as one of the world's three largest and cleanest of the blue water lakes. In general, the Iowa Great Lakes region includes thousands of both private and rental cottages or lodges, along with many restaurants and night clubs. Summer stock is featured at the Okoboji Summer Theatre during a nine-week season. Activities on the lakes include swimming, fishing, water skiing, boating and sailing. Activities surrounding the lakes include hiking, camping, tennis, cycling and golf at six different area courses. Winter vacations provide snowmobiling, cross country skiing and ice fishing.

The official 2020 census for the City is 5,439, up 12.38% since 2000. The number of residents and tourists increases appreciably in Dickinson County during the summer peak season. However, only 5% of Spirit Lake households are seasonal. Dickinson County is one of the fastest growing, non-metro counties in Iowa. Transportation facilities for the City are provided by U.S. Highway 71 and Iowa Highway 9. U.S. Interstate 90 is located approximately twelve miles north of the city in nearby Minnesota.

The City operates an airport sufficient for light aircraft. Commercial air facilities are available in nearby Spencer and Sioux Falls, South Dakota. The City also operates a municipal water treatment and distribution system, as well as lift stations and main lines for sewage conveyance. The City participates in the Iowa Great Lakes Sanitary District, a large district created for Lake-area communities to cooperatively treat and dispose of sanitary waste.

Government

The City operates under a Mayor-Council form of government. The Mayor is elected to a two year term and Council Members are elected to four-year terms; three Members' terms expiring at the same time and the remaining two expiring two years later. This method insures at least two experienced members at all times. A City Administrator/Clerk has been on staff and contributing to the efficient administration of City affairs since 1978.

Public safety is secured by a full-time police department consisting of a Chief and nine police officers. The department uses a computer tie-in with the Sheriff's office. Communications and dispatch are routed through the Dickinson County Sheriff's office. In case of emergency, the County Sheriff and his staff of deputies would be available to augment the City's force. The department operates ten marked or unmarked radio police cars.

Utilities

The following utilities operate within Spirit Lake providing the services indicated:

Electric:	Alliant Utilities Iowa Lakes Electric Cooperative
Natural Gas:	Black Hills Energy
Telephone:	Century Link
Water:	Municipal Water Works
Sanitary Waste:	Municipal Sanitary Sewer System
Wastewater Treatment:	Iowa Great Lakes Sanitary District

Population (1)

The following table sets forth population trends for the Issuer:

<u>Year</u>	<u>Spirit Lake</u>
2020	5,439
2010	4,840
2000	4,261
1990	3,872
1980	3,976
1970	3,014

(1) Source: U.S. Census Bureau

Employee Pension Plan (1)

Defined Benefit Plan – Iowa Public Employees’ Retirement System

Plan Description. Iowa Public Employees’ Retirement System (“IPERS”) membership is mandatory for employees of the Issuer. The Issuer’s employees are provided with pensions through a cost-sharing multiple employer defined pension plan administered by IPERS. IPERS benefits are established under Iowa Code, Chapter 97B and the administrative rules thereunder. The Issuer’s employee who completed seven years of covered service or has reached the age of 65 while in IPERS covered employment becomes vested. If the Issuer’s employee retires before normal retirement age, the employees’ monthly retirement benefit will be permanently reduced by an early-retirement reduction. IPERS provides pension benefits as well as disability benefits to Issuer employees and benefits to the employees’ beneficiaries upon the death of the eligible employee. See “APPENDIX D–AUDITED FINANCIAL STATEMENTS OF THE ISSUER–NOTES TO THE FINANCIAL STATEMENTS” for additional information on IPERS. Additionally, copies of IPERS annual financial report may be obtained from www.ipers.org. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Contributions. Effective July 1, 2012, as a result of a 2010 law change, IPERS contribution rates for the Issuer and its employees are established by IPERS following the annual actuarial valuation (which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization method.) State statute, however, limits the amount rates can increase or decrease each year to one (1) percentage point. Therefore, any difference between the actuarial contribution rates and the contributions paid is due entirely to statutorily set contributions that may differ from the actual contribution rates. As a result, while the contribution rate in the fiscal year ended June 30, 2017 equaled the actuarially required rate, there is no guarantee, due to this statutory limitation on rate increases, that the contribution rate will meet or exceed the actuarially required rate in the future.

The Issuer’s contributions to IPERS is not less than that which is required by law. The Issuer’s share of the contribution, payable from the applicable funds of the Issuer, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The Issuer has always made its full required contributions to IPERS.

The following table sets forth the contributions made by the Issuer and its employees to IPERS for the period indicated. The Issuer cannot predict the levels of funding that will be required in the future.

Table 1 – Issuer and Employees Contribution to IPERS.

Fiscal Year	Issuer Contribution		Issuer Employees’ Contribution	
	Amount Contributed	% of Covered Payroll	Amount Contributed	% of Covered Payroll
2020	203,969	9.44	135,954	6.29
2021	217,236	9.44	144,794	6.29
2022	214,963	9.44	143,279	6.29
2023	226,460	9.44	150,940	6.29
2024	244,397	9.44	162,897	6.29
2025	256,683	9.44	171,087	6.29

The Issuer cannot predict the levels of funding that will be required in the future as any IPERS unfunded pension benefit obligation could be reflected in future years in higher contribution rates. The investment of moneys, assumptions underlying the same and the administration of IPERS is not subject to the direction of the Issuer. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of IPERS (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, adjustments, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAAL could be substantial in the future, requiring significantly increased contributions from the Issuer which could affect other budgetary matters.

The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial reports of IPERS for the fiscal years indicated (collectively, the “IPERS ACFRs”), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (collectively, the “IPERS Actuarial Reports”). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS administrative staff.

(1) SOURCE: The Issuer

Table 2 – Funding Status of IPERS (1)

Valuation Date	Actuarial Value of Assets [a]	Market Value of Assets [b]	Actuarial Accrued Liability [c]	Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]	Funded Ratio (Actuarial Value) [a]/[c]	Unfunded Actuarial Liability (Market Value) [c]-[b]	Funded Ratio (Market Value) [b]/[c]	Covered Payroll [d]	UAAL as a Percentage of Covered Payroll (Actuarial Value) [(c-a)/[d]]
2021	37,584,987,296	42,889,875,682	42,544,648,750	4,959,661,454	88.34	-345,226,932	100.81	8,648,783,536	57.35
2022	39,354,232,379	40,186,392,289	43,969,714,606	4,615,482,227	89.50	3,783,322,317	91.40	9,018,019,950	51.18
2023	41,012,524,216	41,206,314,259	45,719,979,439	4,707,455,223	89.70	4,513,665,180	90.13	9,588,339,000	49.10
2024	42,927,257,062	43,661,123,300	47,302,619,657	4,375,362,595	90.75	3,641,496,357	92.30	10,003,675,315	43.74
2025	45,222,324,002	46,740,552,175	49,063,230,575	3,840,906,573	92.17	2,322,678,400	95.27	10,523,900,177	36.50

Table 3 – Recent returns of IPERS (1)

According to IPERS, the market value investment return on program assets is as follows:

Fiscal Year Ended June 30	Investment Return %
2021	29.63
2022	-3.90
2023	5.41
2024	9.07
2025	9.87

Net Pension Liabilities (2)

At June 30, 2025, the Issuer reported a liability of \$509,975 for its proportional share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7.0%. The Issuer’s proportion of the net pension liability was based on the Issuer’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. See “**APPENDIX D–AUDITED FINANCIAL STATEMENTS OF THE ISSUER–NOTES TO THE FINANCIAL STATEMENTS**” for additional information related to the Issuer’s deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity.

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.

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

Retail Sales (3)

Presented below are retail sales statistics for the City of Spirit Lake, for the period indicated:

Year Ended	Taxable Retail Sales	Number of Businesses
2024	\$257,254,343	450
2023	234,742,459	429
2022	213,242,270	400
2021	208,084,292	406
2020	180,997,466	410

(1) Source: IPERS. For a description of the assumptions used when calculating the funding status of IPERS, see IPERS ACFRs
 (2) Source: the Issuer
 (3) Source: Iowa Department of Revenue

Other Post-Employment Benefits (1)

Plan Description - The City operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For year ended June 30, 2025, the City contributed \$480,143 and plan members eligible for benefits contributed \$78,947 to the plan. At June 30, 2025, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Retired participants must be age 55 or older at retirement, with the exemption of special service participants who must be age 50 with 22 years of services. At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	38
Total	40

Major Employers (2)

Following are the major employers within the City and the current number of people they employ:

<u>Employer</u>	<u>Industry</u>	<u>Approximate Employees</u>
Pure Fishing	Fishing accessories Mfg.	300
Indian Motorcycle	Watercraft, Motorcycle, ATV	450
Spirit Lake CSD	Education	270
Lakes Regional Hospital	Hospital	230
Dickinson County	County Government	110
Hilltop Nursing Home	Health care	100
City of Spirit Lake	Municipal Government	42
Brown Medical Industries	Medical supplies	50
Rosenboom Machine & Tool	Hydraulic cylinders	300

Employment Statistics (3)

The State of Iowa Department of Job Service reports unemployment unadjusted rates as follows (December 2025)

<u>Governmental Body</u>	<u>Percentage Unemployed</u>
National Average:	4.20%
State of Iowa:	3.50%
Dickinson County:	3.50%

Historical Employment Statistics (3)

Presented below are the historical unemployment rates for the years indicated for County and the State of Iowa.

<u>Calendar Year</u>	<u>Dickinson County</u>	<u>State of Iowa</u>
2024	3.10%	3.00%
2023	3.00	2.90
2022	3.00	2.80
2021	3.80	3.90
2020	5.20	5.20

- (1) Source: The Issuer’s Audited Financial Statements of June 30, 2024
- (2) Source: Locationone.com
- (3) Source: Iowa Workforce Development

Public Funds Investments (1)

As of February 28, 2026 the Issuer held investments in the following amounts:

	<u>Amount on Deposit</u>
Non Marketable CD	\$451,095.51
Local Bank Time Deposits	3,762,617.54
Money Market Deposits	16,074,500.00
Marketable Securities	0.00
Total	<u>\$20,288,213.05</u>

Legislation - Property Tax Matters

Over time, the Iowa Legislature has modified the process and calculation of taxable valuations for various classifications of property. For example, in 2013 maximum annual taxable value growth due to revaluation of residential and agricultural property was reduced from 4% to 3%, rollback calculations were modified, a new multi-residential classification was created, and an appropriation made to replace some lost tax revenue due to rollbacks. In 2019, the process for hearings on total maximum property tax dollars under certain levies in the City's budget was modified and a super-majority vote required to raise taxes above a prescribed formula. In 2021, the multi-residential classification was removed, and a phase out of the appropriation for rollback initiated. SF 181 was signed into law by the Governor on February 20, 2023, effective upon enactment. SF 181 reduced the residential rollback for the 2022 assessment year (affecting Fiscal Year 2023-24) from 56.4919% to 54.6501%. This resulted in a reduction in taxable valuation in the residential, commercial, industrial and railroad property classes upon which the City levies property taxes for fiscal year 2023/24. In fiscal year 2024/25, the residential rollback decreased from 54.6501% to 46.3428%. Residential rollback in FY2025/26 will increase to 47.4316%.

On May 4, 2023, the Governor signed House File 718 ("HF 718"), a property tax reform law aimed at reducing property tax growth in Iowa. Among other things, HF 718 permanently consolidated a number of existing city property tax levies and created a new adjusted city general fund levy ("ACGFL"). To control the growth of property taxes, the new ACGFL is subject to potential limitation or reduction by constraining growth by 2% or 3% each year depending on if certain growth triggers are met or exceeded during the prior year. The levy limitation is only applicable Fiscal Year 2024-25 through Fiscal Year 2027-28 and will be specific to each city. For Fiscal Year 2023-24, the City calculated the new ACGFL as the baseline rate and the first annual ACGFL adjustment began in Fiscal Year 2024-25. The ACGFL rates for Fiscal Years 2024-25 through 2027-28 are based on growth in city taxed value and the previous year's city tax rate. Beginning in Fiscal Year 2028-29, all cities go to a \$8.10 ACGFL maximum and the levy limitation calculation ceases. Certain levies like debt service, pensions, employee benefits and capital improvement reserve fund are not included in the new ACGFL limitation. If the City's future property valuation growth exceeds the new legislative caps, the City's general fund levies could lag its relative valuation growth. Future City budgets may need to accommodate possible reduced tax revenues compared to valuation growth. In 2024, Senate File 242 passed, which made some slight adjustments to the taxable valuation growth trigger points for the limitations on HF 718, but otherwise remained functionally the same.

From time to time, legislative proposals are pending in Congress and the Iowa General Assembly that would, if enacted, alter or amend one or more of the property tax matters described herein. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted, and there can be no assurance that such proposals will not apply to valuation, assessment or levy procedures for taxes levied by the City or have an adverse impact on standing appropriations or the future tax collections of the City. Purchasers of the Notes should consult their tax advisors regarding any pending or proposed federal or state tax legislation.

Notwithstanding any modifications to property tax revenues that may result from prior, pending or future legislation, the Notes are secured by an unlimited ad valorem property tax. See "THE NOTES – Source of Security for the Notes" for more details herein.

(1) Source: the Issuer.

Property Tax Valuations (1) (3)

In compliance with Section 441.21 of the Code of Iowa, as amended, 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 final values, called Actual Valuation, are then adjusted by the county auditor. Assessed or Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential and commercial property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Assessed or Taxable Valuation. The rollback percentages for residential, agricultural and commercial valuations are as follows:

Fiscal Year	Residential	Ag Land & Buildings	Commercial (3)	Multi-residential	Railroad (3)	Industrial (3)	Old Utilities	Ch 437 Utilities	Ch 428 & 438 Utilities
2026-27	44.5345	59.4401	90.0000	NA	90.0000	90.0000	NA	94.2059	98.0000
2025-26	47.4316	73.8575	90.0000	NA	90.0000	90.0000	100.0000	Utilities	Utilities
2024-25	46.3428	71.8370	90.0000	NA	90.0000	90.0000	100.0000	Utilities	Utilities
2023-24	54.6501	91.6430	90.0000	NA	90.0000	90.0000	100.0000	Utilities	Utilities
2022-23	54.1302	89.0412	90.0000	63.7500	90.0000	90.0000	100.0000	Utilities	Utilities

Property Valuations (2)

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2023 are used to calculate tax liability for the tax year starting July 1, 2024 through June 30, 2025. Presented below are the historic property valuations of the Issuer by class of property.

Valuation Year	Actual Valuation w/ Utilities	% Change in Actual Valuation	Taxable Valuation w/ Utilities	% Change in Taxable Valuation
2025	1,154,373,381	14.37%	592,950,782	9.57%
2024	1,009,362,269	3.45%	541,156,035	4.88%
2023	975,670,898	30.14%	515,996,040	17.18%
2022	749,688,719	2.59%	440,359,360	-1.31%
2021	730,780,967	8.72%	446,198,285	5.41%

(1) Source: Iowa Department of Revenue

(2) Source: Iowa Department of Management

(3) In 2023, the Legislature created a rollback for small commercial, small railroad and small industrial properties that receive the same rollback rate as residential properties receive for said year, for the valuation of those classes up to \$150,000. Valuation above \$150,000 is taxed at the above rollback rate for each of commercial, railroad and industrial.

Property Valuations (1)

Actual Valuation					
Valuation as of January	2025	2024	2023	2022	2021
<u>Fiscal Year</u>	<u>2026-27</u>	<u>2025-26</u>	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>
Residential:	805,220,930	699,145,584	662,642,761	457,081,088	426,486,064
Agricultural Land:	1,264,400	1,028,000	1,056,000	819,400	815,000
Ag Buildings:	42,400	34,500	34,500	21,300	21,300
Commercial:	215,060,270	190,812,248	151,063,039	107,163,760	101,061,242
Industrial:	44,703,300	43,401,668	35,048,667	27,598,575	26,827,590
Mutli-Residential	0	0	0	0	18,476,246
Personal RE:	0	0	0	0	0
Railroads:	0	0	0	0	0
Utilities:	0	0	0	0	236,892
Other:	0	0	0	0	0
Total Valuation:	1,066,291,300	934,422,000	849,844,967	592,684,123	573,924,334
Less Military:	788,721	783,320	788,912	356,841	364,844
Less Homestead:	2,632,500	2,522,000	1,121,250		
Net Valuation:	1,062,870,079	931,116,680	847,934,805	592,327,282	573,559,490
TIF Valuation:	50,989,100	38,045,000	88,168,783	119,781,585	117,239,566
Utility Replacement:	40,514,202	40,200,589	39,567,310	37,579,852	39,981,911

Taxable Valuation					
Valuation as of January	2025	2024	2023	2022	2021
<u>Fiscal Year</u>	<u>2026-27</u>	<u>2025-26</u>	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>
Residential:	358,371,412	331,342,103	299,433,786	215,579,292	203,229,879
Agricultural Land:	751,559	759,257	758,599	750,939	725,683
Ag Buildings:	25,202	25,481	24,784	19,521	18,966
Commercial:	163,763,728	145,914,069	107,095,765	74,947,752	87,163,008
Industrial:	39,065,784	37,880,424	29,455,586	23,181,809	23,439,910
Mutli-Residential	0	0	0	0	7,400,707
Personal RE:	0	0	0	0	0
Railroads:	0	0	0	0	0
Utilities:	0	0	0	0	236,892
Other:	0	0	0	0	0
Total Valuation:	561,977,685	515,921,334	436,768,520	314,479,313	322,215,045
Less Military:	788,721	783,320	788,912	356,841	364,844
Less Homestead:	2,632,500	2,522,000	1,121,250		
Net Valuation:	558,556,464	512,616,014	434,858,358	314,122,472	321,850,201
TIF Valuation:	28,470,114	22,365,415	74,963,259	119,781,585	117,239,566
Utility Replacement:	5,924,204	6,174,606	6,174,423	6,455,303	7,108,518

Tax Rates (1)

The Issuer levied the following taxes for collection during the fiscal years indicated:

<u>Fiscal Year</u>	<u>General</u>	<u>Outside</u>	<u>Emergency</u>	<u>Debt Service</u>	<u>Employ Benefits</u>	<u>Total Levy</u>
2026	7.63503	0.28418	0.00000	0.00000	1.62507	0.00000
2025	7.86408	0.32930	0.00000	0.16859	1.84241	10.20438
2024	8.10000	0.13758	0.00000	0.20776	2.09866	10.54400
2023	8.10000	0.24455	0.00000	0.19903	2.00042	10.54400
2022	8.10000	0.34962	0.00000	0.19514	1.89924	10.54400

Combined Historic Tax Rates (1)

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Sanitary</u>	<u>Total Levy Rate</u>
2026	9.54428	7.98425	1.23389	0.00000	0.13538	0.07138	0.47557	2.45000	2.50000	24.39475
2025	10.20438	8.04631	1.21926	0.00180	0.11826	0.07302	0.47560	3.39806	2.50000	26.03669
2024	10.54400	8.07166	1.12437	0.00180	0.15833	0.08599	0.37260	3.50000	2.50000	26.35875
2023	10.54400	8.07159	1.11044	0.00240	0.19847	0.08533	0.31881	2.69569	2.49999	25.52672
2022	10.54400	8.18000	1.07170	0.00260	0.19322	0.08712	0.26854	2.91479	2.50000	25.76197

(1) Source: Iowa Department of Management

Tax Collection History (1)

Presented below is the history of property tax levies and collections for the Issuer:

Fiscal <u>Year</u>	Amount <u>Levied</u>	Amount <u>Collected</u>	Percentage <u>Collected</u>
2025	\$4,444,457	\$4,428,005	99.63%
2024	3,331,184	3,323,077	99.76%
2023	3,411,308	3,415,889	100.13%
2022	3,180,263	3,185,677	100.17%
2021	2,998,244	3,061,344	102.10%
2020	2,992,710	2,933,594	98.02%

Largest Taxpayers (2) (3)

Set forth in the following table are the persons or entities which represent the 2024 largest taxpayers within the Issuer, as provided by the County Auditor's Offices. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the City. The City's mill levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the City from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the mill levies of the other taxing entities which overlap the properties.

<u>Taxpayer</u>	<u>2024 Taxable Valuation</u>	<u>Percent of Total</u>
Polaris Industries Inc	13,807,669	2.68%
G F Land Partnership	12,184,260	2.36%
Inland Northern Pointe LTD Partn	6,507,138	1.26%
Spirit Lake Senior Living LLC & Big Dad Investments LLC ETAL	6,269,698	1.22%
Great Lakes Mall Spirit Lake LLC	6,148,708	1.19%
Rosenboom Machine and Tool Inc.	5,753,567	1.12%
Pure Fishing Inc.	5,530,276	1.07%
Interstate Power & Light Co.	4,949,375	0.96%
Sunrise LTD	3,501,437	0.68%
Kwik Trip Inc.	3,346,427	0.65%
	Total	13.18%

(1) Source: The Issuer

(2) Source: Dickinson County Auditor

(3) Utility Property Tax Replacement. Beginning in 1999, the State replaced its previous property tax assessment procedure in valuing the property of entities involved primarily in the production, delivery, service and sale of electricity and natural gas with a replacement tax formula based upon the delivery of energy by these entities. Electric and natural gas utilities now pay replacement taxes to the State in lieu of property taxes. All replacement taxes are allocated among local taxing cities by the State Department of Revenue and Finance and the Department of Management. This allocation is made in accordance with a general allocation formula developed by the Department of Management on the basis of general property tax equivalents. Properties of these utilities are exempt from the levy of property tax by political subdivisions. Utility property will continue to be valued by a special method as provided in the statute and taxed at the rate of three cents per one thousand dollars for the general fund of the State. The utility replacement tax statute states that the utility replacement tax collected by the State and allocated among local taxing cities (including the Issuer) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. However, utility property is not subject to the levy of property tax by political subdivisions, only the utility replacement tax and statewide property tax. It is possible that the general obligation debt capacity of the Issuer could be adjudicated to be proportionately reduced in future years if utility property were determined to be other than "taxable property" for purposes of computing the Issuer's debt limit under Article XI of the Constitution of the State of Iowa. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the Issuer can issue or (ii) adversely affect the Issuer's ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds. Approximately 4.59% of the Issuer's tax base currently is utility property. Notwithstanding the foregoing, the Issuer has the obligation to levy taxes against all the taxable property in the Issuer sufficient to pay principal of and interest on the Bonds.

Outstanding Debt (1) (2)

Presented below is the outstanding principal and interest of the Issuer's General Obligation Debt, presented by fiscal year and bond series,

Fiscal Year	<u>6/7/17</u>	<u>9/22/20</u>	<u>7/20/21</u>	<u>9/10/24</u>	<u>8/12/25</u>	<u>6/15/26</u>	Total Principal	Total Interest	Total P&I
2026	30,000	500,000	150,000				680,000	230,632	910,632
2027		300,000	150,000	60,000	70,000	170,000	750,000	430,902	1,180,902
2028		100,000	150,000	100,000	75,000	175,000	600,000	422,880	1,022,880
2029			150,000	165,000	75,000	180,000	570,000	407,130	977,130
2030			150,000	170,000	80,000	190,000	590,000	389,580	979,580
2031			150,000	175,000	85,000	195,000	605,000	370,860	975,860
2032			150,000	180,000	90,000	205,000	625,000	351,583	976,583
2033			150,000	185,000	95,000	210,000	640,000	331,128	971,128
2034			150,000	190,000	100,000	220,000	660,000	310,100	970,100
2035			150,000	195,000	100,000	230,000	675,000	287,525	962,525
2036				200,000	105,000	240,000	545,000	264,350	809,350
2037				210,000	110,000	250,000	570,000	242,550	812,550
2038				215,000	115,000	260,000	590,000	219,750	809,750
2039				220,000	120,000	270,000	610,000	196,150	806,150
2040				230,000	125,000	280,000	635,000	171,750	806,750
2041				240,000	130,000	290,000	660,000	146,350	806,350
2042				245,000	135,000	300,000	680,000	119,820	799,820
2043				255,000	135,000	315,000	705,000	92,485	797,485
2044				265,000	150,000	325,000	740,000	64,150	804,150
2045					150,000	340,000	490,000	34,175	524,175
2046						355,000	355,000	14,200	369,200
Totals:	30,000	900,000	1,500,000	3,500,000	2,045,000	5,000,000	12,975,000	5,098,049	18,073,049

General Obligation Debt subject to Abatement (1)

Presented below are the general obligation debt issues that are abated by other sources:

Fiscal Year	TIF <u>6/7/17</u>	TIF <u>9/22/20</u>	Water <u>9/22/20</u>	Sewer <u>9/22/20</u>	LOST <u>7/20/21</u>	Water <u>9/10/24</u>	Water <u>6/15/26</u>	Sewer <u>6/15/26</u>	Total Principal	Total Interest	Total P&I
2026	30,000	141,026	329,060	29,915	150,000				680,000	167,750	847,750
2027			266,129	33,871	150,000	60,000	33,581.75	67,163.50	610,745	275,683	886,429
2028			100,000		150,000	100,000	34,925.02	69,850.04	454,775	269,420	724,195
2029					150,000	165,000	36,322.02	72,644.04	423,966	258,729	682,695
2030					150,000	170,000	37,774.90	75,549.80	433,325	246,271	679,595
2031					150,000	175,000	39,285.90	78,571.79	442,858	233,138	675,995
2032					150,000	180,000	40,857.34	81,714.66	452,572	219,623	672,195
2033					150,000	185,000	42,491.63	84,983.25	462,475	205,570	668,045
2034					150,000	190,000	44,191.29	88,382.58	472,574	191,121	663,695
2035					150,000	195,000	45,958.94	91,917.88	482,877	176,043	658,920
2036						200,000	47,797.30	95,594.60	343,392	160,553	503,945
2037						210,000	49,709.19	99,418.38	359,128	146,818	505,945
2038						215,000	51,697.56	103,395.11	370,093	132,453	502,545
2039						220,000	53,765.46	107,530.91	381,296	117,649	498,945
2040						230,000	55,916.08	111,832.15	397,748	102,397	500,145
2041						240,000	58,152.72	116,305.44	414,458	86,487	500,945
2042						245,000	60,478.83	120,957.66	426,436	69,909	496,345
2043						255,000	62,897.98	125,795.97	443,694	52,851	496,545
2044						265,000	65,413.90	130,827.81	461,242	35,104	496,345
2045							68,030.46	136,060.92	204,091	16,654	220,745
2046							70,751.73	141,503.51	212,255	8,490	220,745
Totals:	30,000	141,026	695,189	63,785	1,500,000	3,500,000	1,000,000.00	2,000,000.00	8,930,000	3,172,713	12,102,713

(1) Source: the Issuer

(2) Preliminary, subject to change

Debt Limit (1) (3) (4)

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last County Tax list. The Issuer's debt limit, based upon said valuation, amounts to the following:

	<u>FY26</u>
Actual Valuation:	1,009,362,269
X	5.00%
Statutory Debt Limit:	50,468,113
Total General Obligation Debt:	12,975,000
Principal retired 6/1/26	-680,000
Total Lease Purchases:	0
Capital Leases:	0
Urban Renewal	0
Total Debt Subject to Limit:	12,295,000
Percentage of Debt Limit Obligated:	24.36%

Overlapping & Underlying Debt (1) (2)

Presented below is a listing of the overlapping and underlying debt for Issuers within the District and the amount applicable to the Issuer:

<u>Taxing Authority</u>	<u>Outstanding Debt</u>	<u>2024 Taxable Valuation</u>	<u>Taxable Value Within Issuer</u>	<u>Percentage Applicable</u>	<u>Amount Applicable</u>
SPIRIT LAKE CSD	0	1,779,815,380	541,156,035	30.41%	\$0
DICKINSON COUNTY	6,675,000	4,215,375,861	541,156,035	12.84%	856,914
Iowa Lakes CC	14,400,000	9,229,916,250	541,156,035	5.86%	844,281
Prairie Lakes AEA	0	20,987,052,234	541,156,035	2.58%	0
GREAT LAKES SANITARY SEWER	49,215,552	3,474,203,917	518,790,620	14.93%	7,349,185
Total					9,050,381

- (1) Valuation Source: Iowa Department of Management,
- (2) Outstanding debt source: EMMA.MSRB.ORG; Treasurer, State of Iowa
- (3) Direct debt source: The Issuer
- (4) Preliminary, subject to change

FINANCIAL SUMMARY (1) (2) (3) (4) (5)

Actual Value of Property	1,009,362,269
Taxable Value of Property	541,156,035
Direct General Obligation Debt:	12,295,000
Overlapping Debt:	9,050,381
<hr/>	<hr/>
Total Direct & Overlapping Debt	21,345,381
Less Self-Supported General Obligation Debt:	-8,930,000
<hr/>	<hr/>
Net Direct Debt net of Abatement	3,365,000
Net Direct & Overlapping General Obligation Debt:	12,415,381
Population, 2020 US Census Bureau:	5,439
Debt Metrics Before Abatements	
Direct Debt per Capita:	2,261
Total Debt per Capita:	3,925
Direct Debt to Taxable Valuation:	2.27%
Total Debt to Taxable Valuation:	3.94%
Direct Debt to Actual Valuation:	1.22%
Total Debt to Actual Valuation:	2.11%
Debt Metrics After Abatements	
Net Direct Debt per Capita:	619
Net Total Debt per Capita:	2,283
Net Direct Debt to Taxable Valuation:	0.62%
Total Debt to Taxable Valuation:	2.29%
Net Direct Debt to Actual Valuation:	0.33%
Total Debt to Actual Valuation:	1.23%
Actual Valuation per Capita:	185,579
Taxable Valuation per Capita:	99,496

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- (1) Valuation Source: Iowa Department of Management,
 - (2) Outstanding debt source: EMMA.MSRB.ORG; Treasurer, State of Iowa
 - (3) Direct debt source: The Issuer
 - (4) Population source: U.S. Census
 - (5) Preliminary, subject to change

APPENDIX B – FORM OF LEGAL OPINION

DRAFT

We hereby certify that we have examined a certified transcript of the proceedings of the City Council and acts of administrative officers of the City of Spirit Lake, State of Iowa (the "Issuer"), relating to the issuance of General Obligation Capital Loan Notes, Series 2026, by said City, dated _____, 2026, in the denomination of \$5,000 or multiples thereof, in the aggregate amount of \$ _____ (the "Notes").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel to the Issuer.

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

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and Loan Agreement and issue the Notes.
2. The Loan Agreement and Notes are valid and binding general obligations of the Issuer.
3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Notes. Taxes have been levied by the Resolution for the payment of the Notes and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes to the extent the necessary funds are not provided from other sources.
4. Interest on the Notes is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. 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 Notes in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

The Issuer has designated the Notes "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

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

The rights of the owners of the Notes and the enforceability of the Notes, Resolution and Loan Agreement are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Spirit Lake, State of Iowa (the "Issuer"), in connection with the issuance of \$ _____ General Obligation Capital Loan Notes, Series 2026 (the "Notes") dated _____, 2026. The Notes are being issued pursuant to a Resolution of the Issuer approved on _____, 2026 (the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate; Interpretation. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). This Disclosure Certificate shall be governed by, construed and interpreted in accordance with the Rule, and, to the extent not in conflict with the Rule, the laws of the State. Nothing herein shall be interpreted to require more than required by the Rule.

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

"Annual Financial Information" shall mean financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

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

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with S.E.C. Rule 15c2-12.

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

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

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

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" (emma.msrb.org).

"Official Statement" shall mean the Issuer's Official Statement for the Notes, dated _____, 2026.

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

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission (S.E.C.) under the Securities Exchange Act of 1934, and any guidance and procedures thereunder published by the S.E.C., as the same may be amended from time to time.

"State" shall mean the State of Iowa.

Section 3. Provision of Annual Financial Information.

- a. The Issuer shall, or shall cause the Dissemination Agent to, not later than the 15th day of April each year, commencing with information for the 2025/2026 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial

statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

- b. If the Issuer is unable to provide to the National Repository the Annual Financial Information by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.
- c. The Dissemination Agent shall:
 - i. each year file Annual Financial Information with the National Repository; and
 - ii. (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Financial Information has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

Section 4. Content of Annual Financial Information. The Issuer's Annual Financial Information filing shall contain or incorporate by reference the following:

- a. The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements of the type included in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.
- b. A table, schedule or other information prepared as of the end of the preceding fiscal year, of the type contained in the final Official Statement under the caption "Property Valuations", "Tax Rates", "Combined Historic Tax Rates", "Tax Collection History", "Outstanding Debt", "Debt Limit" and "Financial Summary".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

- a. Pursuant to the provisions of this Section, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes in a timely manner not later than 10 Business Days after the day of the occurrence of the event:
 - i. Principal and interest payment delinquencies;
 - ii. Non-payment related defaults, if material;
 - iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - iv. Unscheduled draws on credit enhancements relating to the Notes reflecting financial difficulties;
 - v. Substitution of credit or liquidity providers, or their failure to perform;
 - vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Notes, or material events affecting the tax-exempt status of the Notes;
 - vii. Modifications to rights of Holders of the Notes, if material;
 - viii. Note calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
 - ix. Defeasances of the Notes;
 - x. Release, substitution, or sale of property securing repayment of the Notes, if material;
 - xi. Rating changes on the Notes;
 - xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
 - xiii. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - xv. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
 - xvi. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial

Obligation of the Issuer, any of which reflect financial difficulties.

- b. Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.
- c. If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate with respect to each Series of Notes shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes of that Series or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- a. If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;
- b. The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- c. The amendment or waiver either (i) is approved by the Holders of the Notes in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Financial Information filing, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Financial Information filing for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information filing or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Financial Information filing or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information filing or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Section 13. Rescission Rights. The Issuer hereby reserves the right to rescind this Disclosure Certificate without the consent of the Holders in the event the Rule is repealed by the S.E.C. or is ruled invalid by a federal court and the time to appeal from such decision has expired. In the event of a partial repeal or invalidation of the Rule, the Issuer hereby reserves the right to rescind those provisions of this Disclosure Certificate that were required by those parts of the Rule that are so repealed or invalidated.

Date: ____ day of _____, 2026.

CITY OF SPIRIT LAKE, STATE OF IOWA

By: _____
Mayor

ATTEST:

By: _____
City Clerk

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: City of Spirit Lake, Iowa.

Name of Note Issue: \$ _____ General Obligation Capital Loan Notes, Series 2026

Dated Date of Issue: _____, 2026

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

Dated: _____ day of _____, 20____.

CITY OF SPIRIT LAKE, STATE OF IOWA

By: _____
Its: _____

APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER

This Appendix contains the entire 2025 audited financial statement of the issuer. The Auditor of State of the State of Iowa (the "State Auditor") maintains a webpage that contains prior years' audits of city, county, school district and community college, including audits of the Issuer.

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CITY OF SPIRIT LAKE
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS AND
OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2025

CITY OF SPIRIT LAKE

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CITY OF SPIRIT LAKE

OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Kevin Bice	Mayor	December 31, 2025
Dave Mensing	Council Member	December 31, 2027
Brett Johnson	Council Member	December 31, 2027
Keith Brockmeyer	Council Member	December 31, 2027
Angela Kofoot	Council Member	December 31, 2025
John Chappas	Council Member	December 31, 2025
Gregg Owens	Clerk/Administrator	December 31, 2025
Gregg Owens	Attorney	December 31, 2025



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Spirit Lake
Spirit Lake, IA 51360

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Spirit Lake, Iowa, as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the basic financial statements of the City as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Spirit Lake as of June 30, 2025, and the respective changes in its cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

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

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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

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

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises Management’s Discussion and Analysis, on pages 5 through 11, and the information on Schedules 1 through 5, on pages 35 through 45, but does not include the basic financial statements and our auditors’ report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2025 on our consideration of the City of Spirit Lake’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Spirit Lake’s internal control over financial reporting and compliance.

Winter, Stave & Co., LLP

December 4, 2025
Spencer, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Spirit Lake provides this management's discussion and analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2025. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2025 Financial Highlights

- The City's total cash basis net position increased 22% or approximately \$3,801,000 from June 30, 2024 to June 30, 2025. Of this amount, the cash basis net position of the governmental activities increased by approximately \$1,234,000 and the cash basis net position of the business type activities increased by approximately \$2,567,000.

Using This Annual Report

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

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

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

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

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

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year, City's proportionate share of the net pension liability (asset), related contributions, detailed information about the nonmajor governmental funds, information on the City's debt and shows the receipts and disbursements of the governmental funds for the last ten years.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting The City's Financial Activities

Cash Basis Statement of Activities and Net Position

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water system, the sanitary sewer system, and the solid waste department. These activities are financed primarily by user charges.

Reporting the City's most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage money for particular purposes. The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: (a) the General Fund, (b) the Special Revenue Funds, such as Tax Increment Financing and Road Use Tax, (c) the Debt Service Fund, and (d) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements, and changes in cash balances.

2. Proprietary funds account for the City's Enterprise and Internal Service Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the water, sewer, and solid waste funds, considered to be major funds of the City. The Internal Service Funds are used to account for the City's self-insurance and to account for reserves accumulated to fund future equipment purchases.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements, and changes in cash balances.

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

Government-Wide Financial Analysis

The City's cash balance for governmental activities increased by \$1,234,489 for the year ended June 30, 2025. The following analysis focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position For the Year Ended June 30,			
	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
Receipts:			
Program receipts:			
Charges for services	\$ 94,045	\$ 79,195	\$ 14,850
Operating grants, contributions, and restricted interest	966,050	948,806	17,244
General receipts:			
Property and other city taxes	5,309,051	4,168,268	1,140,783
Tax increment financing	1,656,365	2,732,748	(1,076,383)
Local option sales tax	1,717,188	1,712,055	5,133
Unrestricted investment earnings	404,616	357,038	47,578
Unrestricted miscellaneous	<u>81,002</u>	<u>27,507</u>	<u>53,495</u>
Total receipts	<u>10,228,317</u>	<u>10,025,617</u>	<u>202,700</u>
Disbursements:			
Public safety	1,752,541	1,684,122	68,419
Public works	2,215,000	1,554,306	660,694
Health and social services	39,900	34,000	5,900
Culture and recreation	1,056,226	844,342	211,884
Community and economic development	1,015,406	343,554	671,852
General government	665,507	460,450	205,057
Debt service	2,081,800	2,660,950	(579,150)
Capital projects	<u>305,742</u>	<u>31,154</u>	<u>274,588</u>
Total disbursements	<u>9,132,122</u>	<u>7,612,878</u>	<u>1,519,244</u>
Change in cash basis net position before transfers	1,096,195	2,412,739	(1,316,544)
Net transfers	<u>138,294</u>	<u>(446,270)</u>	<u>584,564</u>
Change in cash basis net position	1,234,489	1,966,469	(731,980)
Cash basis net position - beginning of year	<u>13,777,034</u>	<u>11,810,565</u>	<u>1,966,469</u>
Cash basis net position - end of year	<u>\$15,011,523</u>	<u>\$13,777,034</u>	<u>\$ 1,234,489</u>

The City's cash balance for business type activities increased by \$2,566,691 for the year ended June 30, 2025. The following analysis focuses on the changes in cash basis net position of business type activities.

Changes in Cash Basis Net Position For the Year Ended June 30,			
	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
Receipts:			
Program receipts:			
Charges for services:			
Water	\$ 2,605,710	\$2,677,749	\$ (72,039)
Sewer	384,669	399,056	(14,387)
Solid waste	1,119,208	1,089,891	29,317
Operating grants, contributions and restricted interest	14,504	12,134	2,370
General receipts:			
Unrestricted investment earnings	167,798	91,446	76,352
Bond and note proceeds	<u>3,583,152</u>	-	<u>3,583,152</u>
Total receipts	<u>7,875,041</u>	<u>4,270,276</u>	<u>3,604,765</u>
Disbursements:			
Water	3,553,825	2,439,441	1,114,384
Sewer	471,892	380,210	91,682
Solid waste	<u>1,144,339</u>	<u>1,407,357</u>	<u>(263,018)</u>
Total disbursements	<u>5,170,056</u>	<u>4,227,008</u>	<u>943,048</u>
Change in cash basis net position before transfers	2,704,985	43,268	2,661,717
Net transfers	<u>(138,294)</u>	<u>446,270</u>	<u>(584,564)</u>
Change in cash basis net position	2,566,691	489,538	2,077,153
Cash basis net position - beginning of year	<u>3,614,701</u>	<u>3,125,163</u>	<u>489,538</u>
Cash basis net position - end of year	<u>\$ 6,181,392</u>	<u>\$3,614,701</u>	<u>\$ 2,566,691</u>

Changes in disbursements are related to normal operating activities.

Individual Major Governmental Fund Analysis

Changes in Cash Balances - Governmental Funds For the Year Ended June 30, 2025		
	<u>2025 All Funds</u>	<u>2024 All Funds</u>
Receipts	\$10,219,304	\$10,018,078
Disbursements	<u>9,141,757</u>	<u>7,606,380</u>
Net	1,077,547	2,411,698
Other financing sources	<u>138,294</u>	<u>(446,270)</u>
Increase in cash balances	1,215,841	1,965,428
Cash balances - beginning of year	<u>13,556,462</u>	<u>11,591,034</u>
Cash balances - end of year	<u>\$14,772,303</u>	<u>\$13,556,462</u>

Individual Major Governmental Fund Analysis - Continued

The governmental funds reported a combined cash balance of \$14,772,303 which was an increase of \$1,215,841 from the June 30, 2024 balance. The general fund showed an increase of \$947,692, the road use tax fund showed an increase of \$290,179, the nonmajor funds increased by \$165,580, and the capital projects fund decreased by \$304,556. The other governmental funds showed modest increases or decreases in cash balances.

Individual Major Business Type Fund Analysis

Changes in Cash Balances - Proprietary Funds
For the Year Ended June 30,

	<u>Enterprise Funds</u>		<u>Internal Service Funds</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Operating receipts	\$4,118,091	\$4,175,830	\$ 83,210	\$ 74,520
Operating disbursements	<u>3,234,429</u>	<u>3,090,775</u>	<u>71,584</u>	<u>85,541</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	883,662	1,085,055	11,626	(11,021)
Non-operating receipts (disbursements) and bond proceeds	1,800,238	(1,052,922)	28,107	23,197
Net transfers	<u>(138,294)</u>	<u>446,270</u>	<u>-</u>	<u>-</u>
Increase (decrease) in cash balances	2,545,606	478,403	39,733	12,176
Cash balances - beginning of year	<u>3,180,392</u>	<u>2,701,989</u>	<u>654,881</u>	<u>642,705</u>
Cash balances - end of year	<u>\$5,725,998</u>	<u>\$3,180,392</u>	<u>\$ 694,614</u>	<u>\$ 654,881</u>

The enterprise funds reported a cash balance of \$5,725,998 which was an increase of \$2,545,606 from the balances at June 30, 2024. The water fund showed an increase of \$2,638,816, the sewer fund showed a decrease of \$99,672, and the solid waste fund showed an increase of \$6,462 in cash balances.

The internal service funds showed an increase in cash balances of \$39,733 to \$694,614.

Budgetary Highlights

During the year, the City amended the budget once. The amendment was approved on April 22, 2025. The amendment was to budget for several operating functions and public works capital project disbursements. Total disbursements for the year did not exceed budgeted amounts.

Debt Administration

At June 30, 2025, the City had \$7,363,000 of outstanding bonds and notes, compared to \$5,869,000 last year as detailed below:

	Outstanding Debt at Year-End	
	<u>2025</u>	<u>2024</u>
General obligation bonds and notes	\$ 5,930,000	\$ 4,330,000
Water revenue capital loan notes	<u>1,433,000</u>	<u>1,539,000</u>
Total	<u>\$ 7,363,000</u>	<u>\$ 5,869,000</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. A computation of the City's available debt capacity is as follows:

Constitutional debt limit	\$48,783,545
General obligation bonds and notes	<u>5,930,000</u>
Available debt capacity	<u>\$42,853,545</u>
Percentage of debt limit available	87.84%

Economic Factors Bearing on the City's Future

General economic conditions continue to be very favorable within the City of Spirit Lake and surrounding areas, with a positive effect on the City's financial condition.

The City increased its General Fund ending cash balance in fiscal year 2025 by 9.5% to \$10,952,397. The General Fund ending balances represent 52.8% of disbursements plus net transfers out. In fiscal year 2025, the City budgeted to use excess General Fund balances to avoid debt and place funds in capital reserves.

The City continues to be in a position with its fiscal planning the last few years to see real gains in the ability to reduce debt levels. Strategic refunding has allowed the City to take advantage of lower interest rates and restructure most of that remaining debt. Net long-term general obligation debt increased by \$1,494,000 in fiscal year 2025 to help pay costs for upgrades to the water systems.

The City continues to experience increases in taxable valuation, which increases debt capacity and allows property tax receipts to increase with the tax rate at \$10.20438 per thousand taxable valuation. The current levy rate will be lower through fiscal year 2026 and the City will be able to maintain current services without affecting its financial condition.

Economic Factors Bearing on the City's Future - Continued

Infrastructure improvements to the City's street and sewer systems were made in fiscal year 2025 and planned to continue into fiscal year 2026 to enhance and maintain services for residents. The City is in the construction phase of a major water treatment modernization project which will provide for necessary upgrades and more efficiency and capacity for the water plant, and is in the bidding phase of a street, water, and sewer project to modernize infrastructure in an area of the City where needed.

Economic activity is very strong. New single-family home and commercial construction activity continues to increase at record levels and employment is at or near full employment. Multi-family housing construction has increased significantly, including a large multi-residential complex on land recently annexed into the City. The City has also partnered with a developer for a major multi-residential apartment and townhome project which will provide 126 new housing units and is expected to add \$15,000,000 to \$17,000,000 to the property tax base when completed. The City has also recently annexed another large tract of land that is expected to yield over 100 new single family residences. There has also been a continuing and significant increase in new commercial construction. Tourism, a major factor in the area economy, continues to be strong.

Additional businesses in downtown Spirit Lake participated in the City's façade improvement program and the downtown continues to improve and occupancy is at its highest level. The City continues to experience unprecedented growth.

The City's overall workforce has remained steady and no major events have occurred to disrupt regular operations.

Equipment and vehicle replacement occurs on schedule with current funding. The City has increased its liability insurance coverage but has seen the benefits of moderate increases in rates, and is accumulating cash in various funds to pay costs of future equipment acquisitions and building improvements.

The City of Spirit Lake continues to be in excellent financial condition, and the outlook continues to be positive.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Hall, 1803 Hill Avenue, Spirit Lake, Iowa 51360.

BASIC FINANCIAL STATEMENTS

CITY OF SPIRIT LAKE
 CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

	Disbursements	Program Receipts		
		Charges for Services	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Public safety	\$ 1,752,541	\$ 73,955	\$ 69,588	\$ -
Public works	2,215,000	-	772,443	-
Health and social services	39,900	-	-	-
Culture and recreation	1,056,226	3,941	116,233	-
Community and economic development	1,015,406	-	6,450	-
General government	665,507	16,149	-	-
Debt service	2,081,800	-	1,336	-
Capital projects	305,742	-	-	-
Total governmental activities	<u>9,132,122</u>	<u>94,045</u>	<u>966,050</u>	<u>-</u>
Business type activities:				
Water	3,553,825	2,605,710	7,507	-
Sewer	471,892	384,669	-	-
Solid waste	1,144,339	1,119,208	6,997	-
Total business type activities	<u>5,170,056</u>	<u>4,109,587</u>	<u>14,504</u>	<u>-</u>
TOTAL	<u>\$ 14,302,178</u>	<u>\$ 4,203,632</u>	<u>\$ 980,554</u>	<u>\$ -</u>

General Receipts:

Property and other city taxes levied for:

 General purposes

 Debt Service

Commercial and industrial replacement

Tax increment financing

Local option sales tax

Unrestricted investment earnings

Unrestricted miscellaneous

Bond and note proceeds- net.....

Operating transfers

 Total general receipts and transfers

CHANGE IN CASH BASIS NET POSITION

CASH BASIS NET POSITION -
 BEGINNING OF YEAR

CASH BASIS NET POSITION - END OF YEAR

CASH BASIS NET POSITION:

Restricted, expendable for:

 Urban renewal purposes

 Debt Service

 Streets

 Other purposes

Unrestricted

TOTAL CASH BASIS NET POSITION

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

Governmental Activities	Business Type Activities	Total
\$ (1,608,998)	\$ -	\$ (1,608,998)
(1,442,557)	-	(1,442,557)
(39,900)	-	(39,900)
(936,052)	-	(936,052)
(1,008,956)	-	(1,008,956)
(649,358)	-	(649,358)
(2,080,464)	-	(2,080,464)
(305,742)	-	(305,742)
<u>(8,072,027)</u>	<u>-</u>	<u>(8,072,027)</u>
-	(940,608)	(940,608)
-	(87,223)	(87,223)
-	(18,134)	(18,134)
-	<u>(1,045,965)</u>	<u>(1,045,965)</u>
<u>(8,072,027)</u>	<u>(1,045,965)</u>	<u>(9,117,992)</u>
5,127,547	-	5,127,547
88,457	-	88,457
93,047	-	93,047
1,656,365	-	1,656,365
1,717,188	-	1,717,188
404,616	167,798	572,414
81,002	-	81,002
-	3,583,152	3,583,152
138,294	(138,294)	-
<u>9,306,516</u>	<u>3,612,656</u>	<u>12,919,172</u>
1,234,489	2,566,691	3,801,180
<u>13,777,034</u>	<u>3,614,701</u>	<u>17,391,735</u>
<u>\$ 15,011,523</u>	<u>\$ 6,181,392</u>	<u>\$ 21,192,915</u>
\$ 1,401,417	\$ -	\$ 1,401,417
19,721	3,152,815	3,172,536
1,722,628	-	1,722,628
936,073	28,696	964,769
<u>10,931,684</u>	<u>2,999,881</u>	<u>13,931,565</u>
<u>\$ 15,011,523</u>	<u>\$ 6,181,392</u>	<u>\$ 21,192,915</u>

See Notes to Financial Statements

CITY OF SPIRIT LAKE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>General</u>	<u>Tax Increment Financing</u>	<u>Road Use Tax</u>
RECEIPTS:			
Property tax	\$ 3,718,561	\$ -	\$ -
Tax increment financing	-	1,656,365	-
Other city taxes	2,275,486	-	-
Licenses and permits	54,610	-	-
Use of money and property	328,590	50,607	-
Intergovernmental	282,006	259	772,443
Charges for service	27,602	-	-
Miscellaneous	36,762	-	-
TOTAL RECEIPTS	<u>6,723,617</u>	<u>1,707,231</u>	<u>772,443</u>
DISBURSEMENTS:			
Public safety	1,410,974	-	-
Public works	1,616,029	-	482,264
Health and social services	39,900	-	-
Culture and recreation	893,516	-	-
Community and economic development	734,800	280,606	-
General government	540,276	-	-
Debt service	-	-	-
Capital projects	-	-	-
TOTAL DISBURSEMENTS	<u>5,235,495</u>	<u>280,606</u>	<u>482,264</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>1,488,122</u>	<u>1,426,625</u>	<u>290,179</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Operating transfers out	(540,430)	(1,298,968)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(540,430)</u>	<u>(1,298,968)</u>	<u>-</u>
NET CHANGE IN CASH BALANCES	947,692	127,657	290,179
CASH BALANCES - BEGINNING OF YEAR	<u>10,004,705</u>	<u>1,273,760</u>	<u>1,432,449</u>
CASH BALANCES - END OF YEAR	<u>\$10,952,397</u>	<u>\$ 1,401,417</u>	<u>\$ 1,722,628</u>
CASH BASIS FUND BALANCES:			
Restricted for:			
Urban renewal purposes	-	1,401,417	-
Debt service	-	-	-
Streets	-	-	1,722,628
Employee benefits	-	-	-
Police purposes	-	-	-
Library purposes	-	-	-
Assigned for park development	32,598	-	-
Assigned for building maintenance	7,010	-	-
Assigned for social services	9,000	-	-
Unassigned	10,903,789	-	-
TOTAL CASH BASIS NET POSITION	<u>\$10,952,397</u>	<u>\$ 1,401,417</u>	<u>\$ 1,722,628</u>

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 89,240	\$ -	\$ 837,583	\$ 4,645,384
-	-	-	1,656,365
1,033	-	11,289	2,287,808
-	-	-	54,610
1,336	1,186	21,099	402,818
1,788	-	16,697	1,073,193
-	-	-	27,602
-	-	34,762	71,524
<u>93,397</u>	<u>1,186</u>	<u>921,430</u>	<u>10,219,304</u>
-	-	345,247	1,756,221
-	-	118,246	2,216,539
-	-	-	39,900
-	-	164,326	1,057,842
-	-	-	1,015,406
-	-	128,031	668,307
2,081,800	-	-	2,081,800
-	305,742	-	305,742
<u>2,081,800</u>	<u>305,742</u>	<u>755,850</u>	<u>9,141,757</u>
<u>(1,988,403)</u>	<u>(304,556)</u>	<u>165,580</u>	<u>1,077,547</u>
1,977,692	-	-	1,977,692
-	-	-	(1,839,398)
<u>1,977,692</u>	<u>-</u>	<u>-</u>	<u>138,294</u>
(10,711)	(304,556)	165,580	1,215,841
<u>30,432</u>	<u>44,623</u>	<u>770,493</u>	<u>13,556,462</u>
<u>\$ 19,721</u>	<u>\$ (259,933)</u>	<u>\$ 936,073</u>	<u>\$ 14,772,303</u>
-	-	-	1,401,417
19,721	-	-	19,721
-	-	-	1,722,628
-	-	779,531	779,531
-	-	42,126	42,126
-	-	114,416	114,416
-	-	-	32,598
-	-	-	7,010
-	-	-	9,000
-	(259,933)	-	10,643,856
<u>\$ 19,721</u>	<u>\$ (259,933)</u>	<u>\$ 936,073</u>	<u>\$ 14,772,303</u>

CITY OF SPIRIT LAKE
 RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN CASH BALANCES TO THE
 CASH BASIS STATEMENT OF ACTIVITIES AND
 NET POSITION - GOVERNMENTAL FUNDS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

TOTAL GOVERNMENTAL FUNDS CASH BALANCES PER EXHIBIT B \$14,772,303

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
 CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
 ARE DIFFERENT BECAUSE:

The internal service funds are used by the City to charge the cost of partial self
 funding the City's health insurance benefit plan to the individual funds and to
 fund future equipment purchases. A portion of the cash balances of the
 internal service funds is included in governmental activities in the Cash Basis
 Statement of Activities and Net Position. 239,220

CASH BASIS NET POSITION OF
 GOVERNMENTAL ACTIVITIES PER EXHIBIT A \$15,011,523

NET CHANGE IN CASH BALANCES PER EXHIBIT B \$ 1,215,841

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
 CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION ARE
 DIFFERENT BECAUSE:

The internal service funds are used by the City to charge the cost of partial self
 funding the City's health insurance benefit plan to the individual funds and to
 fund future equipment purchases. A portion of the change in the cash
 balances of the internal services funds is included in governmental activities in
 the Cash Basis Statement of Activities and Net Position. 18,648

CHANGE IN CASH BASIS NET POSITION OF GOVERNMENTAL
 ACTIVITIES PER EXHIBIT A \$ 1,234,489

CITY OF SPIRIT LAKE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

	Enterprise Funds			
	Water	Sewer	Solid Waste	Total
OPERATING RECEIPTS:				
Charges for services	\$ 2,605,710	\$ 384,669	\$ 1,119,208	\$ 4,109,587
Charges to operating funds	-	-	-	-
Miscellaneous	1,507	-	6,997	8,504
TOTAL OPERATING RECEIPTS	<u>2,607,217</u>	<u>384,669</u>	<u>1,126,205</u>	<u>4,118,091</u>
OPERATING DISBURSEMENTS:				
Business type activities:				
Cost of sales and services	1,800,480	311,290	1,122,659	3,234,429
Insurance charges and claims	-	-	-	-
EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS	<u>806,737</u>	<u>73,379</u>	<u>3,546</u>	<u>883,662</u>
NON-OPERATING RECEIPTS (DISBURSEMENTS):				
Interest on investments	107,160	16,150	25,394	148,704
Lease income	6,000	-	-	6,000
Purchase of capital assets	(1,618,798)	(159,562)	(22,478)	(1,800,838)
Debt service payments:				
Revenue note principal	(106,000)	-	-	(106,000)
Revenue note interest	(26,933)	-	-	(26,933)
Legal and other bond costs	(3,847)	-	-	(3,847)
TOTAL NON-OPERATING RECEIPTS (DISBURSEMENTS)	<u>(1,642,418)</u>	<u>(143,412)</u>	<u>2,916</u>	<u>(1,782,914)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(835,681)</u>	<u>(70,033)</u>	<u>6,462</u>	<u>(899,252)</u>
OTHER FINANCING SOURCES:				
Bond proceeds including premium net of costs	3,583,152	-	-	3,583,152
Operating transfers in	367,726	-	-	367,726
Operating transfers out	(476,381)	(29,639)	-	(506,020)
TOTAL OTHER FINANCING SOURCES	<u>3,474,497</u>	<u>(29,639)</u>	<u>-</u>	<u>3,444,858</u>
NET CHANGE IN CASH BALANCES	<u>2,638,816</u>	<u>(99,672)</u>	<u>6,462</u>	<u>2,545,606</u>
CASH BALANCES - BEGINNING OF YEAR	<u>1,552,286</u>	<u>634,846</u>	<u>993,260</u>	<u>3,180,392</u>
CASH BALANCES - END OF YEAR	<u>\$ 4,191,102</u>	<u>\$ 535,174</u>	<u>\$ 999,722</u>	<u>\$ 5,725,998</u>
CASH BASIS FUND BALANCES:				
Restricted, expendable for:				
Revenue note retirement	\$ 4,004	\$ -	\$ -	\$ 4,004
Water plant upgrade	3,148,811	-	-	3,148,811
Water deposits	28,696	-	-	28,696
Unrestricted	1,009,591	535,174	999,722	2,544,487
TOTAL CASH BASIS FUND BALANCES	<u>\$ 4,191,102</u>	<u>\$ 535,174</u>	<u>\$ 999,722</u>	<u>\$ 5,725,998</u>

See Notes to Financial Statements

Internal Service Funds		
Self-Insurance	Equipment Revolving	Total
\$ -	\$ -	\$ -
76,035	-	76,035
7,175	-	7,175
<u>83,210</u>	<u>-</u>	<u>83,210</u>
-	-	-
<u>71,584</u>	<u>-</u>	<u>71,584</u>
-	-	-
<u>11,626</u>	<u>-</u>	<u>11,626</u>
3,087	25,020	28,107
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>3,087</u>	<u>25,020</u>	<u>28,107</u>
14,713	25,020	39,733
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>14,713</u>	<u>25,020</u>	<u>39,733</u>
<u>103,337</u>	<u>551,544</u>	<u>654,881</u>
<u>\$ 118,050</u>	<u>\$ 576,564</u>	<u>\$ 694,614</u>
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>118,050</u>	<u>576,564</u>	<u>694,614</u>
<u>\$ 118,050</u>	<u>\$ 576,564</u>	<u>\$ 694,614</u>

CITY OF SPIRIT LAKE
 RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN CASH BALANCES TO THE CASH BASIS STATEMENT OF
 ACTIVITIES AND NET POSITION - PROPRIETARY FUNDS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

TOTAL ENTERPRISE FUNDS CASH BALANCES PER EXHIBIT D \$ 5,725,998

AMOUNTS REPORTED FOR BUSINESS TYPE ACTIVITIES IN THE
 CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION ARE
 DIFFERENT BECAUSE:

The internal service funds are used by the City to charge the cost of partial self
 funding the City's health insurance benefit plan to the individual funds and to
 fund future equipment purchases. A portion of the cash balances of the internal
 service funds is included in business type activities in the Cash Basis Statement
 of Activities and Net Position. 455,394

CASH BASIS NET POSITION OF BUSINESS TYPE ACTIVITIES
 PER EXHIBIT A \$ 6,181,392

NET CHANGE IN CASH BALANCES - ENTERPRISE FUNDS PER EXHIBIT D .. \$ 2,545,606

AMOUNTS REPORTED FOR BUSINESS TYPE ACTIVITIES IN THE
 CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION ARE
 DIFFERENT BECAUSE:

The internal service funds are used by the City to charge the cost of partial self
 funding the City's health insurance benefit plan to the individual funds and to
 fund future equipment purchases. A portion of the change in cash balances
 of the internal service funds is included in business type activities in the Cash
 Basis Statement of Activities and Net Position. 21,085

CHANGE IN CASH BASIS NET POSITION OF BUSINESS TYPE ACTIVITIES
 PER EXHIBIT A \$ 2,566,691

CITY OF SPIRIT LAKE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Spirit Lake, Iowa is a political subdivision of the State of Iowa located in Dickinson County. It was first incorporated in 1879 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council-Clerk/Administrator form of government with the Mayor and Council Members elected on a non-partisan basis. The City of Spirit Lake provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. It also operates the water, sewer, and solid waste utilities.

A. Reporting Entity

For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. It was determined that the City has no component units.

Jointly Governed Organizations

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments.

B. Basis of Presentation

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

Net position is reported in two categories:

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

Unrestricted net position consists of net cash balances that do not meet the definition of the preceding category. Unrestricted net position often has constraints on cash balances imposed by management, which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants, contributions, and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

The City reports the following major proprietary funds:

Enterprise:

The Water Fund is used to account for the operation and maintenance of the City's water system.

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

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

Additionally, the City reports the following proprietary funds:

The Internal Service Funds are utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Governmental Cash Basis Fund Balances

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

F. Subsequent Events

Subsequent events were evaluated by management for disclosure up to the date of the auditors' report, which is the date the financial statements were available to be issued.

2. CASH AND INVESTMENTS

The City's demand deposits, savings accounts, and certificates of deposit at June 30, 2025 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 members of the pool to insure there will be no loss of public funds.

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

The City's cash and investments consisted of the following at June 30, 2025:

Cash on hand	\$ 700
Demand deposits	4,666,634
Certificates of deposit/savings accounts	<u>16,525,581</u>
	<u>\$21,192,915</u>

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

3. DUE FROM SPIRIT LAKE DEVELOPMENT CORPORATION

The City has loaned the Spirit Lake Development Corporation \$325,000 to purchase land for future economic development. The loan is interest-free and is payable as the land is sold. The Development Corporation repaid \$80,000 during prior fiscal years. No payment was received in the current fiscal year.

4. BONDS AND NOTES PAYABLE

A summary of the changes in bonds/notes payable for the year ended June 30, 2025 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds/notes	<u>\$4,330,000</u>	<u>\$3,500,000</u>	<u>\$1,900,000</u>	<u>\$5,930,000</u>	<u>\$680,000</u>
Business type activities:					
Water revenue notes	<u>\$1,539,000</u>	<u>\$ -</u>	<u>\$ 106,000</u>	<u>\$1,433,000</u>	<u>\$108,000</u>

General Obligation Bonds/Notes

A summary of the City's June 30, 2025 general obligation bonds/notes payable is as follows:

Year Ending June 30,	Issued 6-7-2017 Series 2017			Issued 9-22-2020 Series 2020		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2026	3.00%	\$ 30,000	\$ 900	1.00%	\$ 141,026	\$ 1,410
2027		-	-		-	-
2028		-	-		-	-
2029		-	-		-	-
2030		-	-		-	-
2031-2035		-	-		-	-
Total		\$ 30,000	\$ 900		\$ 141,026	\$ 1,410

Year Ending June 30,	Issued 7-20-2021 Series 2021			Subtotal of General Obligation Bond/Notes to be paid by Governmental Funds		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2026	1.00%	\$ 150,000	\$ 17,850	\$ 321,026	\$ 20,160	\$ 341,186
2027	1.00	150,000	16,350	150,000	16,350	166,350
2028	1.00	150,000	14,850	150,000	14,850	164,850
2029	1.00	150,000	13,350	150,000	13,350	163,350
2030	1.20	150,000	11,850	150,000	11,850	161,850
2031 - 2035	1.20-1.45	750,000	31,125	750,000	31,125	781,125
Total		\$1,500,000	\$105,375	\$1,671,026	\$107,685	\$1,788,711

General Obligation Bonds/Notes - Continued

Year Ending June 30,	Issued 9-22-2020 Series 2020			Issued 9-10-2024 Series 2024		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2026	1.00%	\$ 358,974	\$ 7,590	4.00%	\$ -	\$ 140,000
2027	1.00	300,000	4,000	4.00	60,000	140,000
2028	1.00	100,000	1,000	4.00	100,000	137,600
2029		-	-	4.00	165,000	133,600
2030		-	-	4.00	170,000	127,000
2031-2035		-	-	4.00	925,000	529,000
2036-2040		-	-	4.00	1,075,000	332,800
2041-2044		-	-	4.00	1,005,000	102,200
Total		\$ 758,794	\$ 12,590		\$3,500,000	\$1,642,200

Year Ending June 30,	Subtotal of General Obligation Bond/Notes to be paid by Enterprise Funds			General Obligation Total		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 358,974	\$ 147,590	\$ 506,564	\$ 680,000	\$ 167,750	\$ 847,750
2027	360,000	144,000	504,000	510,000	160,350	670,350
2028	200,000	138,600	338,600	350,000	153,450	503,450
2029	165,000	133,600	298,600	315,000	146,950	461,950
2030	170,000	127,000	297,000	320,000	138,850	458,850
2031-2035	925,000	529,000	1,454,000	1,675,000	560,125	2,235,125
2036-2040	1,075,000	332,800	1,407,800	1,075,000	332,800	1,407,800
2041-2044	1,005,000	102,200	1,107,200	1,005,000	102,200	1,107,200
Total	\$4,258,974	\$1,654,790	\$5,913,764	\$5,930,000	\$1,762,475	\$7,692,475

All general obligation bonds/notes will be serviced by the Debt Service Fund. A majority of the general obligation bonds are anticipated to be repaid from tax increment financing revenues, local option sales tax funds, and general fund receipts. In addition, the general obligation bonds anticipated to be repaid by enterprise funds were issued to pay for water and sewer projects. In compliance with statutory requirements, any payments from other funds are recorded as transfers to the Debt Service Fund in the City's accounting records.

- A. On June 7, 2017, the City issued \$8,735,000 of general obligation bonds with interest rates of 3.00% per annum. The bonds were issued to refinance old bond issues. During the year ended June 30, 2025, the City paid \$700,000 of principal and \$21,900 of interest on the bonds.
- B. On September 22, 2020, the City issued \$7,605,000 of general obligation bonds with an interest rate of 1% per annum. The bonds were issued to refund six old bonds. \$4,475,135 of the bonds will be repaid by governmental funds and \$3,129,865 are expected to be repaid by enterprise funds. During the year ended June 30, 2025, the City paid \$1,100,000 of principal and \$20,000 of interest on the bonds.

- C. On July 20, 2021, the City issued \$2,785,000 of general obligation bonds with interest rates ranging from 1.00% to 1.45% per annum. The bonds were issued to refinance two old bond issues. During the year ended June 30, 2025, the City paid the \$100,000 of principal and \$18,850 of interest on the bonds.
- D. On September 10, 2024, the City issued \$3,500,000 of general obligation bonds with an interest rate of 4% per annum. The bonds were issued to pay costs for upgrades to the water systems. During the year ended June 30, 2025, the City paid no principal and \$101,500 of interest on the bonds.

Revenue Notes

The City's June 30, 2025 water capital loan note payable is as follows:

Year Ending June 30,	Water Revenue Note			
	Interest Rates	Principal	Interest	Total
2026	2.00%	\$ 108,000	\$ 28,660	\$ 136,660
2027	2.00	110,000	26,500	136,500
2028	2.00	112,000	24,300	136,300
2029	2.00	114,000	22,060	136,060
2030	2.00	116,000	19,780	135,780
2031-2035	2.00	611,000	63,280	674,280
2036-2037	2.00	262,000	7,880	269,880
Total		<u>\$1,433,000</u>	<u>\$192,460</u>	<u>\$1,625,460</u>

The City has pledged future water customer revenues, net of specific operating expenses, to repay the \$2,226,344 water revenue capital loan notes issued in March 2017. The notes are payable solely from water customer net revenues and are expected to be payable through 2037. Annual principal and interest payments are expected to require less than 20% of net revenues. As of June 30, 2025, total principal and interest remaining to be paid on the notes are \$1,625,460. For the current year, principal and interest paid and total customer net revenues were \$132,933 and \$806,737, respectively.

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

- (A) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (B) Sufficient monthly transfers shall be made into a separate water revenue sinking fund for the purpose of making the principal and interest payments when due.
- (C) Additional monthly transfers shall be made to a separate water reserve fund until a specific minimum balance has been accumulated. This fund is restricted for the purposes of paying principal and interest payments when insufficient money is available in the sinking fund. The City has fully funded this reserve.
- (D) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the note falling due in the same year.

During the year ended June 30, 2025, the City was in compliance with the revenue note resolution.

5. INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2025 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>
Water	General	\$ 367,726	Franchise fees
Debt Service:	General	172,704	Debt payments
	Special Revenue:		
	Tax increment financing	1,298,968	Debt payments
	Proprietary:		
	Enterprise:		
	Water	476,381	Debt payments
	Sewer	29,639	Debt payments
		<u>1,977,692</u>	
TOTAL OPERATING TRANSFERS		<u>\$2,345,418</u>	

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

6. PENSION AND RETIREMENT BENEFITS

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 PO Box 9117, Des Moines, IA 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 information purposes only. Refer to the plan documents for more information.

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

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

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

The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

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

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

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

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

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires 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 2025, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll for a total rate of 15.73%. Protection occupation members contributed 6.21% of covered payroll, and the City contributed 9.31% of covered payroll for a total rate of 15.52%.

The City's contributions to IPERS for the year ended June 30, 2025 were \$256,683.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2025, the City reported a liability of \$509,975 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2024, the City's proportion was .014005% which was a decrease of .00279% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City pension expense, deferred outflows of resources, and deferred inflows of resources totaled \$123,905, \$723,372, and \$595,481, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

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

The actuarial assumptions used in the June 30, 2024 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 2024 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	21.0%	3.52%
International equity	13.0	5.18
Global smart beta equity	5.0	4.12
Core plus fixed income	25.5	3.04
Public credit	3.0	4.53
Cash	1.0	1.69
Private equity	17.0	8.89
Private real assets	9.0	4.25
Private credit	<u>5.5</u>	6.62
Total	<u>100.0%</u>	

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

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's proportionate share of the net pension liability (asset)	\$2,014,580	\$ 509,975	\$ (750,513)

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

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The City operates a single-employer health plan which provides medical/prescription drug benefits for employees, retirees, and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2025, the City contributed \$480,143 and plan members eligible for benefits contributed \$78,947 to the plan. At June 30, 2025, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The City has established an account for the partial self-funding of the City's health insurance plan. The plan is funded by the City and is administered through a service agreement with SISCO. The agreement is subject to annual renewal provisions. The City assumes liability for claims up to the deductible amount of \$600/\$1,200 per single/family plan with a maximum out-of-pocket expense of \$1,200/\$2,400 per single/family plan. Claims in excess of deductibles are covered through a plan with Wellmark.

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

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	2
Active employees	<u>38</u>
 Total	 <u>40</u>

8. COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payable to employees at June 30, 2025 is as follows:

Governmental activities:	
General fund	\$ <u>132,059</u>
Business type activities:	
Proprietary:	
Enterprise:	
Water	7,458
Solid waste	<u>6,514</u>
Total business type activities	<u>13,972</u>
 TOTAL	 \$ <u>146,031</u>

This liability has been computed based on rates of pay in effect at June 30, 2025.

9. COMMITMENTS AND CONTINGENCIES

The City has entered into multiple contracts for a variety of projects. A summary of the projects are as follows:

Contract totals	\$9,124,206
Paid as of June 30, 2025	<u>551,718</u>
Balance to be paid	<u>\$8,572,488</u>

10. SUBSEQUENT EVENTS

Subsequent to June 30, 2025, the City entered into construction contracts totaling approximately \$364,005 for building and improvement projects. The City also issued bonds of \$2,045,000 to finance construction costs.

11. RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 805 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, property, employment practices liability, public officials liability, cyber liability and law enforcement liability. There have been no reductions in insurance coverage from prior years.

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

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

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2025 were \$239,201.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss, or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss, or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2025, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The City has established a partial self-insurance health insurance fund (an internal service fund) to account for group insurance risks. The City has agreed to pay a portion of the employees' deductible.

The City has workmen's compensation coverage through the Iowa Municipalities Workers' Compensation Association. In addition, the City purchases employee blanket bond coverage from other insurers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

12. DEVELOPER AGREEMENTS

The City has entered into various developer agreements related to improvements made in tax increment financing districts. The City has agreed to pay the developers an amount not to exceed \$3,057,830. The agreements require up to ten annual payments, provided the developers are in compliance with the terms of the agreements. During the year ended June 30, 2025, the City rebated \$280,606 of incremental property tax to the developers. The approximate remaining balance to be paid on the agreements totaled \$2,149,672 at June 30, 2025.

13. TAX ABATEMENTS

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

City Tax Abatements

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

For the year ended June 30, 2025, the City abated \$280,606 of property tax under the urban renewal and economic development projects.

Tax Abatements of Other Entities

Property tax revenues of the City were not reduced for the year ended June 30, 2025 under agreements entered into by other entities.

OTHER INFORMATION

CITY OF SPIRIT LAKE
 COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 ALL NONMAJOR GOVERNMENTAL FUNDS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

	Employee Benefits	Police Forfeiture	Friends of the Library	Total
RECEIPTS:				
Property tax	\$ 837,583	\$ -	\$ -	\$ 837,583
Other city taxes	11,289	-	-	11,289
Use of money and property	18,367	-	2,732	21,099
Intergovernmental	16,697	-	-	16,697
Miscellaneous	-	3,523	31,239	34,762
TOTAL RECEIPTS	<u>883,936</u>	<u>3,523</u>	<u>33,971</u>	<u>921,430</u>
DISBURSEMENTS:				
Public safety	344,577	670	-	345,247
Public works	118,246	-	-	118,246
Culture and recreation	145,849	-	18,477	164,326
General government	128,031	-	-	128,031
TOTAL DISBURSEMENTS	<u>736,703</u>	<u>670</u>	<u>18,477</u>	<u>755,850</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	147,233	2,853	15,494	165,580
CASH BALANCES - BEGINNING OF YEAR	<u>632,298</u>	<u>39,273</u>	<u>98,922</u>	<u>770,493</u>
CASH BALANCES - END OF YEAR	<u>\$ 779,531</u>	<u>\$ 42,126</u>	<u>\$ 114,416</u>	<u>\$ 936,073</u>
CASH BASIS FUND BALANCES:				
Restricted for:				
Employee benefits	\$ 779,531	\$ -	\$ -	\$ 779,531
Police purposes	-	42,126	-	42,126
Library purposes	-	-	114,416	114,416
TOTAL CASH BASIS FUND BALANCES	<u>\$ 779,531</u>	<u>\$ 42,126</u>	<u>\$ 114,416</u>	<u>\$ 936,073</u>

CITY OF SPIRIT LAKE
 SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION -
 ALL GOVERNMENTAL FUNDS
 FOR THE LAST TEN YEARS

	Cash Basis			
	2025	2024	2023	2022
RECEIPTS:				
Property tax	\$ 4,645,384	\$ 3,520,454	\$ 3,415,889	\$ 3,185,677
Tax increment financing	1,656,365	2,732,748	2,554,221	2,557,992
Other city taxes	2,287,808	2,248,211	2,158,456	2,251,154
Licenses and permits	54,610	61,632	48,012	62,627
Use of money and property	402,818	355,913	83,731	47,366
Intergovernmental	1,073,193	1,005,780	1,396,321	1,432,115
Charges for services	27,602	15,299	47,238	30,153
Miscellaneous	71,524	78,041	95,148	173,005
TOTAL RECEIPTS	<u>\$10,219,304</u>	<u>\$10,018,078</u>	<u>\$ 9,799,016</u>	<u>\$ 9,740,089</u>
DISBURSEMENTS:				
Public safety	\$ 1,756,221	\$ 1,680,915	\$ 1,505,941	\$ 1,448,729
Public works	2,216,539	1,552,923	1,437,015	2,012,408
Health and social services	39,900	34,000	31,025	38,500
Culture and recreation	1,057,842	842,896	1,019,202	696,575
Community and economic development	1,015,406	343,554	452,064	240,916
General government	668,307	459,988	427,492	396,124
Debt service	2,081,800	2,660,950	3,421,900	6,069,540
Capital projects	305,742	31,154	745,042	-
TOTAL DISBURSEMENTS	<u>\$ 9,141,757</u>	<u>\$ 7,606,380</u>	<u>\$ 9,039,681</u>	<u>\$10,902,792</u>

Cash Basis					
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 3,061,343	\$ 2,933,593	\$ 2,756,024	\$ 2,414,032	\$ 2,272,971	\$ 2,166,305
2,586,498	2,251,767	2,596,108	2,834,112	2,641,486	2,446,244
1,776,074	1,376,989	1,359,677	1,290,602	1,344,174	1,206,558
41,794	41,636	62,006	39,311	50,168	47,590
57,068	58,106	50,801	26,566	13,578	11,285
1,118,053	902,786	872,592	879,012	891,063	1,127,243
21,397	18,881	25,042	14,756	14,756	33,145
<u>98,806</u>	<u>107,769</u>	<u>208,690</u>	<u>260,650</u>	<u>247,915</u>	<u>166,760</u>
<u>\$ 8,761,124</u>	<u>\$ 7,691,527</u>	<u>\$ 7,930,940</u>	<u>\$ 7,759,041</u>	<u>\$ 7,476,111</u>	<u>\$ 7,205,130</u>
\$ 1,452,825	\$ 1,432,612	\$ 1,367,479	\$ 1,356,854	\$ 1,318,317	\$ 1,202,134
1,017,433	929,661	1,232,190	1,012,633	1,203,204	991,885
38,750	34,750	39,925	35,425	31,925	36,175
724,160	1,011,309	639,459	566,859	648,983	638,877
175,158	120,669	295,370	257,823	266,996	239,247
331,353	311,315	350,645	369,515	366,884	395,660
11,101,254	3,220,205	3,348,820	3,505,472	12,747,851	7,815,701
<u>1,110,324</u>	<u>116,906</u>	<u>152,582</u>	<u>322,920</u>	<u>187,218</u>	<u>1,852,470</u>
<u>\$15,951,257</u>	<u>\$ 7,177,427</u>	<u>\$ 7,426,470</u>	<u>\$ 7,427,501</u>	<u>\$16,771,378</u>	<u>\$13,172,149</u>

CITY OF SPIRIT LAKE
 BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS
 AND CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS) -
 ALL GOVERNMENTAL AND PROPRIETARY FUNDS
 OTHER INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>
RECEIPTS:			
Property taxes	\$ 4,645,384	\$ -	\$ 4,645,384
Other city taxes	2,287,808	-	2,287,808
Tax increment financing revenues	1,656,365	-	1,656,365
Licenses and permits	54,610	-	54,610
Use of money and property	402,818	176,811	579,629
Intergovernmental	1,073,193	-	1,073,193
Charges for services	27,602	4,185,622	4,213,224
Miscellaneous	<u>71,524</u>	<u>21,679</u>	<u>93,203</u>
TOTAL RECEIPTS	<u>10,219,304</u>	<u>4,384,112</u>	<u>14,603,416</u>
DISBURSEMENTS:			
Public safety	1,756,221	-	1,756,221
Public works	2,216,539	-	2,216,539
Health and social services	39,900	-	39,900
Culture and recreation	1,057,842	-	1,057,842
Community and economic development	1,015,406	-	1,015,406
General government	668,307	-	668,307
Debt service	2,081,800	-	2,081,800
Capital projects	305,742	-	305,742
Business type	-	<u>5,243,631</u>	<u>5,243,631</u>
TOTAL DISBURSEMENTS	<u>9,141,757</u>	<u>5,243,631</u>	<u>14,385,388</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>1,077,547</u>	<u>(859,519)</u>	<u>218,028</u>
OTHER FINANCING SOURCES (USES):			
Operating transfer in	1,977,692	367,726	2,345,418
Operating transfer out	(1,839,398)	(506,020)	(2,345,418)
Debt proceeds	-	<u>3,583,152</u>	<u>3,583,152</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>138,294</u>	<u>3,444,858</u>	<u>3,583,152</u>
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES (USES) OVER (UNDER) DISBURSEMENTS	1,215,841	2,585,339	3,801,180
BALANCE - BEGINNING OF YEAR	<u>13,556,462</u>	<u>3,835,273</u>	<u>17,391,735</u>
BALANCE - END OF YEAR	<u>\$14,772,303</u>	<u>\$ 6,420,612</u>	<u>\$21,192,915</u>

Schedule 3

<u>Original Budget</u>	<u>Final Budget</u>	<u>Final to Actual Variance</u>
\$ 4,444,457	\$ 4,444,457	\$ 200,927
1,965,000	2,115,000	172,808
1,690,305	1,690,305	(33,940)
41,600	36,600	18,010
103,650	381,900	197,729
1,213,195	1,218,395	(145,202)
3,606,600	3,742,423	470,801
147,260	143,225	(50,022)
<u>13,212,067</u>	<u>13,772,305</u>	<u>831,111</u>
1,783,424	1,851,594	95,373
1,780,748	2,826,598	610,059
40,900	40,900	1,000
1,178,933	1,224,733	166,891
1,130,318	1,175,318	159,912
702,861	733,970	65,663
1,962,451	2,082,401	601
-	350,000	44,258
<u>6,538,557</u>	<u>7,046,125</u>	<u>1,802,494</u>
<u>15,118,192</u>	<u>17,331,639</u>	<u>2,946,251</u>
<u>(1,906,125)</u>	<u>(3,559,334)</u>	<u>3,777,362</u>
3,689,372	3,689,372	(1,343,954)
(3,689,372)	(3,689,372)	1,343,954
<u>3,500,000</u>	<u>3,583,150</u>	<u>2</u>
<u>3,500,000</u>	<u>3,583,150</u>	<u>2</u>
1,593,875	23,816	3,777,364
<u>14,773,903</u>	<u>14,773,903</u>	<u>2,617,832</u>
<u>\$16,367,778</u>	<u>\$14,797,719</u>	<u>\$ 6,395,196</u>

CITY OF SPIRIT LAKE
NOTES TO SCHEDULE 3 - BUDGETARY REPORTING
FOR THE YEAR ENDED JUNE 30, 2025

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. 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 projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$2,213,447. That budget amendment is reflected in the final budgeted amounts.

CITY OF SPIRIT LAKE
 SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY (ASSET)

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *
 (IN THOUSANDS)

OTHER INFORMATION

	<u>2025</u>	<u>2024</u>	<u>2023</u>
City's proportion of the net pension liability (asset)014005%	.016797%	.013887%
City's proportionate share of the net pension liability (asset)	\$ 510	\$ 758	\$ 525
City's covered-employee payroll	\$ 2,600	\$ 2,409	\$ 2,287
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	19.62%	31.47%	22.96%
Plan fiduciary net position as a percentage of the total pension liability (asset)	92.30%	90.13%	91.40%

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

Schedule 4

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
.17170%	.019076%	.018668%	.019783%	.019730%	.019842%	.018390%
\$ (593)	\$ 1,340	\$ 1,081	\$ 1,252	\$ 1,314	\$ 1,249	\$ 909
\$ 2,288	\$ 2,127	\$ 2,160	\$ 2,128	\$ 2,049	\$ 1,990	\$ 1,944
(25.92%)	63.00%	50.05%	58.84%	64.13%	62.76%	46.76%
100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

CITY OF SPIRIT LAKE
SCHEDULE OF CITY CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(IN THOUSANDS)

OTHER INFORMATION

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contribution	\$ 257	\$ 244	\$ 226	\$ 215	\$ 217
Contributions in relation to the statutorily required contribution	<u>257</u>	<u>244</u>	<u>226</u>	<u>215</u>	<u>217</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered-employee payroll	\$ 2,731	\$ 2,600	\$ 2,409	\$ 2,287	\$ 2,288
Contributions as a percentage of covered-employee payroll	9.41%	9.38%	9.38%	9.40%	9.48%

Schedule 5

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 204	\$ 209	\$ 196	\$ 189	\$ 183
<u>204</u>	<u>209</u>	<u>196</u>	<u>189</u>	<u>183</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 2,127	\$ 2,160	\$ 2,128	\$ 2,049	\$ 1,990
9.59%	9.68%	9.21%	9.22%	9.20%

CITY OF SPIRIT LAKE
NOTES TO OTHER INFORMATION - PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

Changes of Benefit Terms

There are no significant changes in benefit terms.

Changes of Assumptions

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

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

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

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

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

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



INDEPENDENT AUDITORS' 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

The Honorable Mayor and
Members of the City Council
City of Spirit Lake
Spirit Lake, IA 51360

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Spirit Lake, Iowa, as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 4, 2025. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in Part I of the accompanying Schedule of Findings as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Spirit Lake's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2025 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Spirit Lake's Responses to Findings

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

Purpose of this Report

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

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

Wintner, Stave & Co., LLC

December 4, 2025
Spencer, Iowa

CITY OF SPIRIT LAKE
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

Part I: Findings Related to the Financial Statements

Internal Control Deficiency:

2025-001 Segregation of Duties

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

Condition - We noted employees were performing incompatible functions.

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

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

Recommendation - We realize that it is difficult to appropriately segregate duties when the number of employees is limited. Therefore, we recommend the City review its control activities to obtain the maximum internal control possible under the circumstances, utilizing currently available staff, including elected officials, to maintain its diligence in the review of the financial records.

Response - We will continue our review.

Conclusion - Response accepted.

Instances of Non-Compliance:

No matters were noted.

CITY OF SPIRIT LAKE
SCHEDULE OF FINDINGS - Continued
FOR THE YEAR ENDED JUNE 30, 2025

Part II: Other Findings Related to Required Statutory Reporting

- 2025-A Certified Budget - Disbursements for the year ended June 30, 2025 did not exceed budgeted amounts.
- 2025-B Questionable Expenditures - We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 2025-C Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- 2025-D Business Transactions - No business transactions between the City and City officials or employees were noted.
- 2025-E Restricted Donor Activity - No transactions were noted between the City, City officials, City employees, and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2025-F Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 2025-G Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2025-H Revenue Bonds/Notes - No non-compliance with revenue note provisions were noted.
- 2025-I Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- 2025-J Urban Renewal Report - The urban renewal annual report for the fiscal year ended June 30, 2024 was approved and certified to the Iowa Department of Management on or before December 1, 2024.

APPENDIX E – FORM OF ISSUE PRICE CERTIFICATES

**§[PRINCIPAL AMOUNT] GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2026
CITY OF SPIRIT LAKE, IOWA
ISSUE PRICE CERTIFICATE**

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

1. Sale of the Bonds. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.
2. Defined Terms.
 - a. Issuer means the City of Spirit Lake, Iowa.
 - b. Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
 - c. Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
 - d. Underwriter means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and its agents with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C., Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: June 15, 2026

SCHEDULE A
SALE PRICES
(Attached)

**[\$[PRINCIPAL AMOUNT] GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2026
CITY OF SPIRIT LAKE, IOWA
ISSUE PRICE CERTIFICATE**

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

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.
2. Initial Offering Price of the Hold-the-Offering-Price Maturities.
 - a. Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
 - b. As set forth in the Terms of Offering, Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.
3. Defined Terms.
 - a. General Rule Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."
 - b. Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."
 - c. Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (May 19, 2026), or (ii) the date on which Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
 - d. Issuer means the City of Spirit Lake, Iowa.
 - e. Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
 - f. Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
 - g. Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is May 12, 2026.
 - h. Underwriter means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and its agents with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C., Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: June 15, 2026

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES
(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

**[\$[PRINCIPAL AMOUNT] GENERAL OBLIGATION CAPITAL LOAN NOTES, SERIES 2026
CITY OF SPIRIT LAKE, IOWA
ISSUE PRICE CERTIFICATE**

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

1. Reasonably Expected Initial Offering Price.
 - a. As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Purchaser to purchase the Bonds.
 - b. Purchaser was not given the opportunity to review other bids prior to submitting its bid.¹
 - c. The bid submitted by Purchaser constituted a firm offer to purchase the Bonds.
2. Defined Terms.
 - a. Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
 - b. Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
 - c. Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is May 12, 2026.
 - d. Underwriter means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and its agents with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C., Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: June 15, 2026

¹ Treas. Reg. §1.148-1(f)(3)(i)(B) requires that all bidders have an equal opportunity to bid to purchase bonds. If the bidding process affords an equal opportunity for bidders to review other bids prior to submitting their bids, then this representation should be modified to describe the bidding process.

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)