This Preliminary Official Statement and the information contained herein are subject to completion, amendment, or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 20, 2026

New Issue **Rating: S&P Global Ratings 'AA+'**

Assuming compliance with certain covenants, in the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of 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. Interest on the Bonds is NOT exempt from present Iowa income taxes. The Bonds will NOT be designated as "qualified tax-exempt obligations." See "TAX MATTERS" section for a more detailed discussion.

CITY OF JOHNSTON, IOWA
$14,245,000* General Obligation Bonds, Series 2026A

BIDS RECEIVED: Monday, August 3, 2026, 10:00 A.M., Central Time
AWARD: Monday, August 3, 2026, 7:00 P.M., Central Time

Dated: Date of Delivery (September 9, 2026) **Principal Due:** June 1, as shown inside front cover

The $14,245,000* General Obligation Bonds, Series 2026A (the "Bonds") are being issued pursuant to Subchapter III of Chapter 384 and Chapter 403 of the Code of Iowa and the authorizing resolution (the "Resolution") to be adopted by the City Council of the City of Johnston, Iowa (the "City"). Proceeds of the Bonds are being issued to pay costs of carrying out essential corporate purposes, general corporate purpose, and urban renewal projects. See "AUTHORITY AND PURPOSE" section herein for more detail regarding the Bonds project descriptions. The Bonds are general obligations of the City for which the City will pledge its power to levy direct ad valorem taxes against all taxable property within the City without limitation as to rate or amount to the repayment of the Bonds.

The Bonds will be issued as fully registered Bonds without coupons and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry-only form, in the principal amount of $5,000 and integral multiples thereof. The purchaser will not receive certificates representing their interest in the Bonds purchased. Principal of the Bonds, payable annually on each June 1, beginning June 1, 2027 and interest on the Bonds, payable initially on December 1, 2026 and thereafter on each June 1 and December 1, will be paid to DTC by the City's Registrar/Paying Agent, UMB Bank, N.A., West Des Moines, Iowa (the "Registrar"). DTC will in turn remit such principal and interest to its participants for subsequent disbursements to the beneficial owners of the Bonds, as described herein. Interest and principal shall be paid to the registered holder of a Bond as shown on the records of ownership maintained by the Registrar as of the 15th day of the month preceding such interest payment date (the "Record Date").

THE BONDS WILL MATURE AS LISTED ON THE INSIDE FRONT COVER

MINIMUM BID:	$14,074,060
GOOD FAITH DEPOSIT:	$142,450 Required of Purchaser Only
TAX MATTERS	Federal: Tax-Exempt State: Taxable See "TAX MATTERS" herein for more information.

The Bonds are offered, subject to prior sale, withdrawal, or modification, when, as and if issued and subject to the legal opinion of Ahlers & Cooney, P.C., Bond Counsel, Des Moines, Iowa, to be furnished upon delivery of the Bonds. Ahlers & Cooney, P.C. is also serving as Disclosure Counsel for the City in connection with the issuance of the Bonds. It is expected the Bonds in the definitive form will be available on or about September 9, 2026, via Fast Automated Securities Transfer delivery with the Registrar holding the Bonds on behalf of DTC. The Preliminary Official Statement in the form presented is deemed final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, subject to revisions, corrections or modifications as determined to be appropriate and is authorized to be distributed in connection with the offering of the Bonds for sale.

* Preliminary; subject to change.

CITY OF JOHNSTON, IOWA

$14,245,000* General Obligation Bonds, Series 2026A

MATURITY: The Bonds will mature June 1 in the years and amounts as follows:

Year	Amount*	Year	Amount*
2027	$525,000	2037	$700,000
2028	450,000	2038	725,000
2029	470,000	2039	770,000
2030	490,000	2040	810,000
2031	520,000	2041	850,000
2032	545,000	2042	890,000
2033	575,000	2043	935,000
2034	605,000	2044	980,000
2035	630,000	2045	1,025,000
2036	670,000	2046	1,080,000

*** PRINCIPAL ADJUSTMENT:** Preliminary; subject to change. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or decrease by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of $5,000 but the total amount to be issued will not exceed $14,600,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive and shall be binding upon the successful bidder.

INTEREST: Interest on the Bonds will be payable on December 1, 2026 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds due after June 1, 2034 will be subject to call on said date or on any date thereafter upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Municipal obligations (issued in an aggregate amount over $1,000,000) are subject to General Rules and Regulations, Securities Exchange Act of 1934, Rule 15c2-12 Municipal Securities Disclosure.

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to prospective bidders. Its primary purpose is to disclose information regarding the Bonds to prospective bidders in the interest of receiving competitive bids in accordance with the TERMS OF OFFERING contained herein. Unless an addendum is received prior to the sale, this document shall be deemed the near final "Official Statement."

Review Period: This Preliminary Official Statement has been distributed to City staff as well as to prospective bidders for an objective review of its disclosure. Comments, omissions, or inaccuracies must be submitted to PFM Financial Advisors LLC (the "Municipal Advisor") at least two business days prior to the sale. Requests for additional information or corrections to the Preliminary Official Statement received on or before this date will not be considered a qualification of a bid received. If there are any changes, corrections or additions to the Preliminary Official Statement, prospective bidders will be informed by an addendum at least one business day prior to the sale.

REPRESENTATIONS

No dealer, broker, salesman or other person has been authorized by the City, the Municipal Advisor or the underwriter to give any information or to make any representations other than those contained in this Preliminary Official Statement or the final Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the City, the Municipal Advisor or the underwriter. This Preliminary Official Statement or the final Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there by any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor or underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement or the final Official Statement, nor any sale made thereafter shall, under any circumstances, create any implication there has been no change in the affairs of the City or in any other information contained herein, since the date hereof. This Preliminary Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Preliminary Official Statement and any addenda thereto were prepared relying on information from the City and other sources, which are believed to be reliable.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein.

Ahlers & Cooney, P.C. is also serving as Disclosure Counsel to the City in connection with the issuance of the Bonds.

Compensation of the Municipal Advisor, payable entirely by the City, is contingent upon the sale of the issue.

CITY OF JOHNSTON, IOWA

Mayor/City Council

		Term Expires
Paula Dierenfeld	Mayor	January 2028
Jim Evans	Council Member	January 2030
Rhonda Martin	Council Member	January 2030
Bryan Burkhardt	Council Member	January 2028
Tom Cope	Council Member	January 2028
Suresh Reddy	Council Member	January 2028

Administration

Mike Pogge-Weaver, City Administrator
David Wilwerding, Assistant City Administrator
Cyndee Rhames, Director of Internal Operations/City Clerk
Sarah Swisher, Finance Director

City Attorney

Kristine Stone & Maria Brownell
Ahlers & Cooney, P.C.
Des Moines, Iowa

Bond Counsel and Disclosure Counsel

Ahlers & Cooney, P.C.
Des Moines, Iowa

Municipal Advisor

PFM Financial Advisors LLC
Des Moines, Iowa

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TERMS OF OFFERING

CITY OF JOHNSTON, IOWA

$14,245,000* General Obligation Bonds, Series 2026A

Bids for the purchase of the City of Johnston, Iowa's (the "City") $14,245,000* General Obligation Bonds, Series 2026A (the "Bonds"), will be received on Monday, August 3, 2026, before 10:00 A.M., Central Time, after which time they will be tabulated. The City's Council will consider award of the Bonds at 7:00 P.M., Central Time, on the same day. Questions regarding the sale of the Bonds should be directed to the City's Municipal Advisor, PFM Financial Advisors LLC (the "Municipal Advisor") at (515) 724-5737. Information may also be obtained from Sarah Swisher, Finance Director, City of Johnston, Iowa at (515) 278-2344.

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

DETAILS OF THE BONDS

GENERAL OBLIGATION BONDS, SERIES 2026A in the principal amount of $14,245,000*, to be dated the date of delivery (anticipated to be September 9, 2026), in the denomination of $5,000 or multiples thereof, and will mature June 1 as follows:

Year	Amount*	Year	Amount*
2027	$525,000	2037	$700,000
2028	450,000	2038	725,000
2029	470,000	2039	770,000
2030	490,000	2040	810,000
2031	520,000	2041	850,000
2032	545,000	2042	890,000
2033	575,000	2043	935,000
2034	605,000	2044	980,000
2035	630,000	2045	1,025,000
2036	670,000	2046	1,080,000

*Preliminary; subject to change.

ADJUSTMENT TO THE BOND MATURITY AMOUNTS

The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or decrease by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of $5,000 but the total amount to be issued will not exceed $14,600,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive and shall be binding upon the successful bidder.

INTEREST ON THE BONDS

Interest on the Bonds will be payable on December 1, 2026 and semiannually on the 1st day of June and December thereafter. Interest and principal shall be paid to the registered holder of a Bond as shown on the records of ownership maintained by UMB Bank, N.A. (the "Registrar") as of the 15th day of the month preceding such interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

OPTIONAL REDEMPTION OF THE BONDS

Bonds due after June 1, 2034 will be subject to call prior to maturity in whole, or from time-to-time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds.

TERM-BOND OPTION

Bidders shall have the option of designating the Bonds as serial bonds or term bonds, or both. The applicable bid must designate whether each of the principal amounts represent a serial maturity or a mandatory redemption requirement for a term bond maturity. (See the OFFICIAL BID FORM for more information.) In any event, the principal amount scheduled shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both.

GOOD FAITH DEPOSIT

A good faith deposit in the amount of $142,450 for the Bonds (the "Deposit) is required from the lowest bidder only of the Bonds. The lowest bidder is required to submit such Deposit payable to the order of the City in the form of either (i) a cashier's check provided to the City or its Municipal Advisor; or (ii) a wire transfer as instructed by the City's Municipal Advisor, no later than 12:00 P.M., Central Time, on the day of the sale of the Bonds. If not so received, the bid of the lowest bidder may be rejected and the City may direct the second lowest bidder to submit a deposit and thereafter may award the sale of the Bonds to the same. No interest on the Deposit will accrue to the successful bidder (the "Purchaser"). The Deposit will be applied to the purchase price of the Bonds. In the event a Purchaser fails to honor its accepted bid proposal, the Deposit will be retained by the City.

FORM OF BIDS AND AWARD

All bids shall be unconditional for the Bonds for a price not less than $14,074,060, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth under the "BIDDING PARAMETERS" section herein. Bids must be submitted on or in substantial compliance with the OFFICIAL BID FORM provided by the City. The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (the "TIC") basis assuming compliance with the "ESTABLISHMENT OF ISSUE PRICE" and "GOOD FAITH DEPOSIT" sections herein. The TIC shall be determined by the present value method, i.e., by ascertaining the semiannual rate, compounded semiannually, necessary to discount to present value as of the dated date of the Bonds, the amount payable on each interest payment date and on each stated maturity date or earlier mandatory redemption, so that the aggregate of such amounts will equal the aggregate purchase price offered, therefore. The TIC shall be stated in terms of an annual percentage rate and shall be that rate of interest, which is twice the semiannual rate so ascertained (also known as the Canadian Method). The TIC shall be as determined by the Municipal Advisor based on the TERMS OF OFFERING and all amendments, and on the bids as submitted. The Municipal Advisor's computation of the TIC of each bid shall be controlling. In the event of tie bids for the lowest TIC, the Bonds will be awarded by lot.

The City will reserve the right to (i) waive non-substantive informalities of any bid or of matters relating to the receipt of bids and award of the Bonds; (ii) reject all bids without cause; and (iii) reject any bid which the City determines to have failed to comply with the terms herein.

BIDDING PARAMETERS

The bidder's proposal must conform to the following limitations:

1. Each annual maturity must bear a single rate of interest from the dated date of the Bonds to the date of maturity.
2. Rates of interest bid must be in multiples of one-eighth or one-twentieth of one percent.
3. The initial price to the public for each maturity must be 98% or greater.

RECEIPT OF BIDS

Forms of Bids: Bids must be submitted on or in substantial compliance with the TERMS OF OFFERING and OFFICIAL BID FORM provided by the City or through PARITY® competitive bidding system (the "Internet Bid System"). Neither the City nor its agents shall be responsible for malfunction or mistake made by any person, or as a result of the use of the Internet Bid System 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 accepted after the time specified in the TERMS OF OFFERING and OFFICIAL BID FORM. 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.

Sealed Bids: Sealed bids may be submitted and will be received at the office of the City Clerk at City Hall, 6221 Merle Hay Road, Johnston, Iowa 50131.

Electronic Internet Bidding: Electronic internet bids will be received at the office of the City's Municipal Advisor, 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309. The bids must be submitted through the Internet Bid System.

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

BOOK-ENTRY-ONLY ISSUANCE

The Bonds will be issued by means of a book-entry-only system with no physical distribution of obligation certificates made to the public. The Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Bonds 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 Bonds. Individual purchases of the Bonds 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 Registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The Purchaser, as a condition of delivery of the Bonds, will be required to deposit the bond certificates with the Registrar on behalf of DTC.

MUNICIPAL BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for 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 of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that initial rating fee. Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Bonds. The City reserves the right in its sole discretion to accept or deny changes to the financing documents requested by the insurer selected by the Purchaser.

DELIVERY

The Bonds will be delivered to the Purchaser via Fast Automated Securities Transfer delivery with the Registrar holding the Bonds on behalf of DTC, against full payment in immediately available cash or federal funds. The Bonds are expected to be delivered within forty-five days after the sale. Should delivery be delayed beyond sixty days from the date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw their bid and thereafter their interest in and liability for the Bonds will cease. When the Bonds are ready for delivery, the City will give the Purchaser five working days' notice of the delivery date and the City will expect payment in full on that date; otherwise, reserving the right at its option to determine that the Purchaser failed to comply with the offer of purchase.

ELECTRONIC TRANSCRIPTS

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.

ESTABLISHMENT OF ISSUE PRICE

The Purchaser shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as EXHIBIT 1 - FORMS OF ISSUE PRICE CERTIFICATES to the TERMS OF OFFERING, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the City and Bond Counsel. All actions to be taken by the City under the TERMS OF OFFERING to establish the issue price of the Bonds may be taken on behalf of the City by the Municipal Advisor identified herein and any notice or report to be provided to the City may be provided to the Municipal Advisor.

The City intends the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because (i) the City shall disseminate this TERMS OF OFFERING to potential underwriters in a manner that is reasonably designed to reach potential underwriters; (ii) all bidders shall have an equal opportunity to bid; (iii) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and (iv) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in the TERMS OF OFFERING.

Any bid submitted pursuant to the TERMS OF OFFERING shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event the competitive sale requirements are not satisfied for the Bonds, the City shall so advise the Purchaser. The City may, as set forth below, determine to treat (i) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity; and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The Purchaser shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The City shall promptly advise the Purchaser, at or before the time of award of the Bonds, which maturities of the Bonds, if any, shall be subject to the 10% test and which shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds. **Prospective bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.**

By submitting a bid, the Purchaser shall (i) confirm the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price") or at the corresponding yield or yields set forth in the bid submitted by the Purchaser; and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following: (a) the close of the fifth (5th) business day after the sale date, or (b) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Purchaser shall promptly advise the City when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth business day after the sale date.

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

By submitting a bid, each bidder confirms that (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (a) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Purchaser that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Purchaser and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (a) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Purchaser or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Purchaser or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this TERMS OF OFFERING. Further, for purposes of this TERMS OF OFFERING, (i) "public" means any person other than an underwriter or a related party, (ii) "underwriter" means (a) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause "(a)" to participate in the initial sale of the 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), (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the Purchaser are subject, directly or indirectly, to (a) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (b) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (c) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and (iv) "sale date" means the date the Bonds are awarded by the City to the Purchaser.

OFFICIAL STATEMENT

The City has authorized the preparation of this Preliminary Official Statement containing pertinent information relative to the Bonds. The Preliminary Official Statement will be further supplemented by offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with any other information required by law or deemed appropriate by the City, and shall constitute a final Official Statement of the City with respect to the Bonds, as that term is defined in Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). By awarding the Bonds to any underwriter or underwriting syndicate submitting an OFFICIAL BID FORM therefore, the City agrees that no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 25 copies of the final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of the Rule. The City shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the final Official Statement to the Participating Underwriter. Any underwriter executing and delivering an OFFICIAL BID FORM agrees, thereby, that if its bid is accepted by the City, it shall (i) accept such designation; and (ii) enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the final Official Statement.

CONTINUING DISCLOSURE

The City will covenant in a Continuing Disclosure Certificate for the benefit of the owners and beneficial owners of the Bonds to provide annually certain financial information and operating data relating to the City (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the City not later than twelve (12) months after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2026, with the Municipal Securities Rulemaking Board, at its internet repository named "Electronic Municipal Market Access" ("EMMA"). The notices of events, if any, are also to be filed with EMMA. See Form of CONTINUING DISCLOSURE CERTIFICATE included in APPENDIX E to this Preliminary Official Statement. The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in the FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Purchaser in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

The City is not aware of any instance in the previous five years in which it has failed to comply, in all material respects, with previous undertakings in a written contract or agreement specified the Rule.

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

CUSIP NUMBERS

It is anticipated the Committee on Uniform Security Identification Procedures ("CUSIP") numbers will be printed on the Bonds and the Purchaser must agree in the bid proposal to pay the cost thereof. In no event will the City, Bond Counsel, Disclosure Counsel or Municipal Advisor be responsible for the review or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on said Bonds shall not be cause for the Purchaser to refuse to accept delivery of said Bonds.

BY ORDER OF THE CITY COUNCIL
City of Johnston, Iowa
/s/ Sarah Swisher, Finance Director

SCHEDULE OF BOND YEARS

$14,245,000*
CITY OF JOHNSTON, IOWA
General Obligation Bonds, Series 2026A

Bonds Dated:	September 9, 2026
Interest Due:	December 1, 2026 and each June 1 and December 1 to maturity
Principal Due:	June 1, 2027-2046

Year	Principal*	Bond Years	Cumulative Bond Years
2027	$525,000	382.08	382.08
2028	450,000	777.50	1,159.58
2029	470,000	1,282.06	2,441.64
2030	490,000	1,826.61	4,268.25
2031	520,000	2,458.44	6,726.69
2032	545,000	3,121.64	9,848.33
2033	575,000	3,868.47	13,716.81
2034	605,000	4,675.31	18,392.11
2035	630,000	5,498.50	23,890.61
2036	670,000	6,517.61	30,408.22
2037	700,000	7,509.44	37,917.67
2038	725,000	8,502.64	46,420.31
2039	770,000	9,800.39	56,220.69
2040	810,000	11,119.50	67,340.19
2041	850,000	12,518.61	79,858.81
2042	890,000	13,997.72	93,856.53
2043	935,000	15,640.47	109,497.00
2044	980,000	17,373.22	126,870.22
2045	1,025,000	19,195.97	146,066.19
2046	1,080,000	21,306.00	167,372.19

Average Maturity (dated date): 11.750 Years

* Preliminary; subject to change.

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EXHIBIT 1

FORMS OF ISSUE PRICE CERTIFICATES

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COMPETITIVE SALES WITH AT LEAST THREE BIDS FROM ESTABLISHED UNDERWRITERS

ISSUE PRICE CERTIFICATE

$_______ General Obligation Bonds, Series 2026A
City of Johnston, Iowa

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.

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 August 3, 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 the 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 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 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: September 9, 2026

SCHEDULE A

EXPECTED OFFERING PRICES

$_______ General Obligation Bonds, Series 2026A
City of Johnston, Iowa

(*Attached*)

SCHEDULE B

COPY OF UNDERWRITER'S BID

$_______ General Obligation Bonds, Series 2026A
City of Johnston, Iowa

(*Attached*)

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COMPETITIVE SALES WITH FEWER THAN THREE BIDS FROM ESTABLISHED UNDERWRITERS
HOLD OFFERING PRICE

ISSUE PRICE CERTIFICATE

$_______ General Obligation Bonds, Series 2026A
City of Johnston, Iowa

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (["Purchaser")][the "Representative")],[on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the "Underwriting Group"),] 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][The Underwriting Group] 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 and bid award, [Purchaser][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] 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, or (ii) the date on which [Purchaser][the Underwriters] [has][have] 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 Johnston, 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 August 3, 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][the Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the 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 8038G, and other federal income tax advice that it may give to the Issuer from time-to-time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By:___________________________________

Name:_________________________________

Dated: September 9, 2026

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

$_______ General Obligation Bonds, Series 2026A
City of Johnston, Iowa

(*Attached*)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

$_______ General Obligation Bonds, Series 2026A
City of Johnston, Iowa

(*Attached*)

PRELIMINARY OFFICIAL STATEMENT

CITY OF JOHNSTON, IOWA

$14,245,000* General Obligation Bonds, Series 2026A

INTRODUCTION

This Preliminary Official Statement contains information relating to the City of Johnston, Iowa (the "City") and its issuance of $14,245,000* General Obligation Bonds, Series 2026A (the "Bonds"). This Preliminary Official Statement has been executed on behalf of the City and its Finance Director and may be distributed in connection with the sale of the Bonds. Inquiries may be made to the City's Municipal Advisor, PFM Financial Advisors LLC (the "Municipal Advisor"), 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309, telephone (515) 724-5737. Information may also be obtained from Sarah Swisher, Finance Director, City of Johnston, 6221 Merle Hay Road, Johnston Iowa 50131, telephone (515) 278-2344.

THE CITY

City Government: The City, a municipal corporation since 1969, operates with a mayor-council form of government. It has a mayor elected for a two-year term and five council members elected at large for four-year staggered terms. The professional staff is appointed and includes an administrator, finance director, city clerk, community development director, and attorney.

The daily management and administration of the City is under the direction of the City Administrator, Mr. Mike Pogge-Weaver, ICMA-CM, AICP. In his role, Mr. Pogge-Weaver is responsible for supervising the enforcement and execution of the Code of Ordinances, City policies, and Council directives. Additionally, he is responsible for providing financial reports to the Council, assisting in the establishment of long-range goals, and promoting positive relations with the City's residents. Mr. Pogge-Weaver joined Johnston in 2022 from the City of Carroll, Iowa. He holds a dual Bachelor's Degree in Community & Regional Planning and Political Science from Iowa State University in Ames, Iowa, and a Master's Degree in Public Administration from Hamline University in St. Paul, Minnesota.

Ms. Sarah Swisher, CPA, has been the City's Finance Director since March 2024, and was previously the Assistant Finance Director beginning in October 2022. From June 2015 to October 2022, Ms. Swisher worked in progressively responsible roles at the Iowa Auditor of State's Office. Ms. Swisher graduated from Simpson College with a BA in Accounting.

Mr. Dave Wilwerding, AICP, has been the City's Assistant City Administrator since August 2024, and was previously the Community Development Director beginning May 2007. Prior to his tenure in Johnston, he served as a Transportation Planner with the Des Moines Area Metropolitan Planning Organization. He received a BS in Community and Regional Planning from Iowa State University and his Master's in Public Administration from Drake University.

Location and Transportation: The City, situated in Polk County, is located in central Iowa. The City lies approximately 4 miles northwest of the capital city of Des Moines and 37 miles south of Ames. Access is provided via Interstate Highways 35 and 80. The City is experiencing growth as part of a fast-growing Greater Des Moines Metropolitan area. The Des Moines International Municipal Airport is located approximately 11 miles south and the Polk County Regional Airport is in the neighboring City of Ankeny, Iowa. The City covers 11,757 acres (18.37 square miles).

*Preliminary, subject to change.

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Subchapter III of Chapter 384 and Chapter 403 of the Code of Iowa and an authorizing resolution (the "Resolution") to be adopted by the City Council of the City. Proceeds of the Bonds are being issued to pay the costs of opening, widening, extending, grading, and draining of the rights-of-way of streets, highways, avenues, alleys, public grounds, and market places, with related utility and site improvements, and the removal and replacement of dead or diseased trees thereon; the construction, reconstruction, and repairing of any street improvements, grade crossing separations and approaches; the acquisition, installation, and repair of sidewalks and pedestrian underpasses and overpasses, trails, bridges, culverts, retaining walls, storm sewers, sanitary sewers, water service lines, street lighting, and traffic control devices; acquisition of any real estate needed for any of the foregoing purposes; equipping the fire department, including acquisition of a fire engine; acquisition, construction, reconstruction, and improvement of all waterways, and real and personal property, useful for the protection or reclamation of property situated within the corporate limits of the City from floods or high waters, and for the protection of property in the City from the effects of floodwaters, including the deepening, widening, alteration, change, diversion, or other improvement of watercourses, within or without the City limits, the construction of levees, embankments, structures, impounding reservoirs, or conduits, and the establishment, improvement, and widening of streets, avenues, boulevards, and alleys across and adjacent to the project, as well as the development and beautification of the banks and other areas adjacent to flood control improvements; acquisition, construction, reconstruction, extension, improvement and equipping of works and facilities useful for collection and disposal of surface waters and streams; acquisition, construction, reconstruction, extension, improvement, and equipping of works and facilities useful for the collection, treatment and disposal of sewage and industrial waste in a sanitary manner, for the collection and disposal of solid waste; planning, undertaking, and carrying out of urban renewal projects under the authority of chapter 403 and the Urban Renewal Plan for the East Central TIF Urban Renewal Area ("East Central"), as amended, including opening, widening, extending, grading, and draining of the rights-of-way of streets, highways, avenues, alleys, public grounds, and market places, and the removal and replacement of dead or diseased trees thereon, with related utility and site improvements, for the NW 62nd Ave Project.

The estimated sources and uses of the Bonds are as follows:

Sources of Funds*	
Par Amount of Bonds	$14,245,000.00
Uses of Funds*	
Deposit to Project Fund	$13,954,764.00
Underwriter's Discount	170,940.00
Cost of Issuance and Contingency	119,296.00
Total Uses	$14,245,000.00

* Preliminary; subject to change.

INTEREST ON THE BONDS

Interest on the Bonds will be payable on December 1, 2026 and semiannually on the 1st day of June and December thereafter. Interest and principal shall be paid to the registered holder of a Bond as shown on the records of ownership maintained by the Registrar as of the close of business on the 15th day of the month preceding the interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

OPTIONAL REDEMPTION OF THE BONDS

Bonds due after June 1, 2034 will be subject to call prior to maturity in whole, or from time-to-time in part, in any order of maturity and within a maturity by lot on said date or on any date thereafter at the option of the City, upon terms of par plus accrued interest to date of call. Written notice of such call shall be given at least thirty (30) days prior to the date fixed for redemption to the registered owners of the Bonds to be redeemed at the address shown on the registration books.

PAYMENT OF AND SECURITY FOR THE BONDS

The Bonds are general obligations of the City and the unlimited taxing powers of the City are irrevocably pledged for their payment. Upon issuance of the Bonds, the City will levy taxes for the years and in amounts sufficient to provide 100% of annual principal and interest due on the Bonds. If, however, the amount credited to the debt service fund for payment of the Bonds is insufficient to pay principal and interest, whether from transfers or from original levies, the City must use funds in its treasury and is required to levy ad valorem taxes upon all taxable property in the City without limit as to rate or amount sufficient to pay the debt service deficiency.

Iowa Code Section 76.2 provides that when an Iowa political subdivision issues general obligation debt, "the governing authority of these political subdivisions before issuing bonds 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 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 in full."

Nothing in the Resolution prohibits or limits the ability of the City 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 Bonds. If, and to the extent such other legally available moneys are used to pay the principal of or interest on the Bonds, the City 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 Bonds.

The Resolution does not restrict the City'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 Bonds. For a further description of the City's outstanding general obligation debt upon issuance of the Bonds and the annual debt service on the Bonds, see "DIRECT DEBT" under "CITY INDEBTEDNESS" included in APPENDIX A to this Preliminary Official Statement. For a description of certain constitutional and statutory limits on the issuance of general obligation debt, see "DEBT LIMIT" under "CITY INDEBTEDNESS" included in APPENDIX A to this Preliminary Official Statement.

BOOK-ENTRY-ONLY ISSUANCE

The information contained in the following paragraphs of this subsection "BOOK-ENTRY-ONLY ISSUANCE" has been extracted from a schedule prepared by Depository Trust Company ("DTC") entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE." The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time-to-time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the 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 Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co., nor any other DTC nominee, will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date identified in a listing attached to the Omnibus Proxy.

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or 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 the City, subject to any statutory or regulatory requirements as may be in effect from time-to-time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the City or 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.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Remarketing Agent, and shall affect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry-only credit of tendered Securities to Remarketing Agent's DTC account.

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

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

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

FUTURE FINANCING

The City actively pursues economic development opportunities within the City, consistent with the development goals of its various urban renewal plans, which may include consideration of developer incentives, occasionally funded from general obligation debt. The City does not currently anticipate any additional general obligation borrowings within 90 days of the date of this Preliminary Official Statement.

LITIGATION

The City encounters litigation occasionally in the ordinary course of business. The City is currently involved in pending litigation arising out of a development agreement relating to a private recreational facility project. The City commenced the litigation after the developer, despite numerous extensions, failed to satisfy certain predevelopment obligations under the development agreement, including obtaining financing sufficient to complete the project. The City's lawsuit seeks to recover more than $3.5 million in pre-development grants and other financial assistance previously provided to the developer. The developer recently asserted counterclaims against the City seeking monetary damages in an amount that, if awarded, could have a material adverse effect on the financial condition of the City. The City disputes the allegations and believes the counterclaims are without merit. The City will zealously defend against said counterclaims. Among other defenses, the City believes the claims were released under subsequent agreements between the parties and otherwise lack factual and legal support. The City further believes the damages alleged by the developer are speculative and unsupported. The City's insurer has been notified of the counterclaims and is providing a defense to the City in the litigation. The litigation remains in its early stages.

To the knowledge of the City, there is no legal action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body for which the City has been served with process or official notice or threatened against or affecting the City or any reasonable basis therefore, wherein an unfavorable decision, ruling or finding would adversely affect the transaction contemplated by this Official Statement or the validity of the Bonds, the Resolution, or any agreement or instrument to which the City is a party and which is used or contemplated for use in the transactions contemplated by this Official Statement, and no member, employee or agent of the City has been served with any legal process regarding such litigation or other proceeding.

DEBT PAYMENT HISTORY

The City knows of no instance in which it has defaulted in the payment of principal or interest on its debt.

LEGALITY

The Bonds are subject to approval as to certain matters by Ahlers & Cooney, P.C. of Des Moines, Iowa as Bond Counsel. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has reviewed or prepared information describing the terms of the Bonds, Iowa and Federal law pertinent to the validity of and the tax-exempt status of interest on the Bonds, which can be found generally under the sections "AUTHORITY AND PURPOSE", "OPTIONAL REDEMPTION OF THE BONDS", "PAYMENT OF AND SECURITY FOR THE BONDS", and "TAX MATTERS", herein. Additionally, Bond Counsel has provided its FORM OF LEGAL OPINION and FORM OF CONTINUING DISCLOSURE CERTIFICATE, included in APPENDIX C and APPENDIX E, respectively, within this Preliminary Official Statement. The FORM OF LEGAL OPINION will be delivered at closing.

The legal opinion to be delivered concurrently with the delivery of the Bonds expresses the professional judgment of the attorneys rendering the opinions 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 Resolution. The owners of the Bonds should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolution) may have to be enforced from year to year. 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 Bonds cannot foreclose on property within the boundaries of the City or sell such property in order to pay the debt service on the Bonds.

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

TAX MATTERS

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

Subject to the City's compliance with the above referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of 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.

The prospective purchaser of the Bonds should be aware that ownership of the Bonds 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. The prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

State of Iowa Taxable: The interest on the Bonds is NOT exempt from present Iowa income taxes.

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

NOT-Qualified Tax-Exempt Obligations: The City will NOT designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code") relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to tax-exempt obligations.

Discount and Premium on Certain Bonds: The initial public offering price of certain Bonds may be less than the amount payable on such Discount Bonds at maturity (the "Discount Bonds"). An amount equal to the difference between the initial public offering price of Discount Bonds (assuming that a substantial amount of the Discount Bonds 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 Bonds. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds 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 Bonds may be greater than the amount of such Premium Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of Premium Bonds (assuming that a substantial amount of the Premium Bonds 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 Bonds. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

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 Bonds. 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 Bonds.

Audit: 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. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Withholdings: Payments of interest on, and proceeds of the sale, redemption, or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any bond 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 bond 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: Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may be considered by the Iowa legislature. Judicial interpretation of state or federal laws, rules or regulations may also affect the tax treatment. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest or other income on the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

From time-to-time, legislative proposals, including some that carry retroactive effective dates, if enacted into law, court decisions, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, court decisions, or clarification of the Code may also affect, perhaps significantly, the market price for or marketability of the Bonds. The prospective purchaser of the Bonds should consult their own tax advisors regarding any pending or proposed tax legislation, as to which Bond Counsel expresses no opinion except as expressly set forth in APPENDIX C to this Preliminary Official Statement.

Enforcement: Holders of the Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Resolution. There is no trustee or similar person to monitor or enforce the terms of the Resolution. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolution) may have to be enforced from year to year. The enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in Bond Counsel's opinion.

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 Bonds cannot foreclose on property within the boundaries of the City or sell such property in order to pay the debt service on the Bonds. In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in Bond Counsel's opinion. The opinion to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally, and to the exercise of judicial discretion in appropriate cases.

The Opinion: The opinion expressed by Bond Counsel is based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives, or litigation.

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 City 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 opinions are 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 BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS (INCLUDING, BUT NOT LIMITED TO THOSE LISTED ABOVE).

BONDHOLDER'S RISKS

An investment in the Bonds is subject to certain risks. No person should purchase the Bonds 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 Bonds. An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

Secondary Market Not Established: There is no established secondary market for the Bonds, and there is no assurance that a secondary market will develop for the purchase and sale of the Bonds. Prices of municipal bonds traded in the secondary market, if any, are subject to adjustment upward and downward in response to changes in the credit markets and changes in the operating performance of the entities operating the facilities subject to bonded indebtedness. From time-to-time it may be necessary to suspend indefinitely secondary market trading in selected issues of municipal bonds as a result of the financial condition or market position, prevailing market conditions, lack of adequate current financial information about the entity, operating the subject facilities, or a material adverse change in the operations of that entity, whether or not the subject bonds are in default as to principal and interest payments, and other factors which, may give rise to uncertainty concerning prudent secondary market practices.

Municipal bonds are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

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

Ratings Loss: S&P has assigned a rating of 'AA+' to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that the rating will continue for any given period of time or that such rating will not be revised, suspended, or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Rating agencies are currently not regulated by any regulatory body. Future regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

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

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

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

Forward-Looking Statements: This Preliminary 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 Preliminary Official Statement, the words "plan," "projected," "estimate," "budget," "pro-forma," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. 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 to differ. 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. Included in such risks and uncertainties are (i) those relating to the possible invalidity of the underlying assumptions and estimates; (ii) possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances; and (iii) conditions and actions taken or omitted to be taken by third parties, including legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions, all of which are difficult or impossible to predict accurately. For these reasons, there can be no assurance that the forward-looking statements included in this Preliminary Official Statement will prove to be accurate.

Undue reliance should not be placed on forward-looking statements. All forward-looking statements included in this Preliminary Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur or fail to occur, other than as indicated in the "CONTINUING DISCLOSURE" section herein.

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 there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the City to pay debt service when due on the Bonds.

<u>Redemption Prior to Maturity/Loss of Premium</u>: In considering whether to make an investment in the Bonds, it should be noted the Bonds are subject to optional redemption, as outlined herein, without Bondholder discretion or consent. Any person who purchases the Bonds at a price in excess of their principal amount or who holds such Bonds trading at a price in excess of par should consider the fact that the Bonds are subject to redemption prior to maturity at the redemption prices described herein in the event such Bonds are redeemed prior to maturity. See "OPTIONAL REDEMPTION OF THE BONDS" section herein.

<u>Loss of Tax Base/Climate Impacts</u>: 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, derechos, flooding, and other extreme weather conditions 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.

<u>Potential Impacts Resulting from Epidemics or Pandemics</u>: The City's finances may be materially adversely affected by unforeseen impacts of future public health events, including 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.

The Bonds are general obligations of the City secured by an unlimited ad valorem property tax as described more fully in the "PAYMENT OF AND SECURITY FOR THE BONDS" herein. Prior State Public Health Emergency Declarations, relative to the COVID-19 pandemic, temporarily suspended the provisions that required the imposition of penalty and interest for delay in property tax payments and directed that no such penalty or interest could be imposed for the duration of the declarations and any future extension of the suspension. No current property tax payment suspensions are imposed, and collections stayed consistent during the pandemic. It is impossible to predict whether the declarations or any amendments to or extensions thereof would have a material effect on the City's ability to collect property taxes necessary for the payment of principal and interest on the Bonds. See "LEVIES AND TAX COLLECTIONS" under "THE CITY" included in APPENDIX A of this Preliminary Official Statement for more information of the City's tax collection history, despite prior suspensions.

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 City's financial condition. Historically, changes to property tax calculations and impositions are imposed on a prospective basis. However, there is no assurance that future changes to property taxation by the Iowa General Assembly will not be applied retroactively. See "PROPERTY TAX LEGISLATION" included in APPENDIX A for additional discussion on recent legislative proposals impacting property taxes. It is impossible to predict the outcome of future property taxation changes by the Iowa General Assembly or resulting impacts on the City's financial condition. The Series 2026A Bonds are secured by an unlimited ad valorem property tax as described more fully in the "PAYMENT OF AND SECURITY FOR THE SERIES 2026A BONDS" herein.

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

It is possible further legislation will be proposed or introduced that could result in changes in the way that tax exemptions are 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.

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

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

Cybersecurity: The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks, or public infrastructure. There can be no assurances that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the City's information systems or utility infrastructure could impact business operations, provision of public services, and/or digital networks and systems, and the costs of remedying any such damage could be significant. Along with significant liability claims or regulatory penalties, any security breach could have a material adverse impact on the City's operations and financial condition.

The City maintains insurance policies to cover general liabilities, including cyber liability. The City cannot predict whether any insurance policies that may be maintained by the City would be sufficient in the event of a cyber breach. The Bonds are secured by an unlimited ad valorem property tax as described more fully in the "PAYMENT OF AND SECURITY FOR THE BONDS" herein.

Pensions: Pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 68, the City reported a liability of $697,043 within its June 30, 2025 Financial and Compliance Report for its proportionate share of the net pension liability related to IPERS, as defined herein. The net pension liability is the amount by which the total actuarial liability differs from the pension plan's net assets or fiduciary net position (essentially the market value) available for paying benefits. 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 the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2024, the City's collective proportion was 0.0191420%, which was a decrease of 0.0270550% from its proportion measured as of June 30, 2023.

See "EMPLOYEES AND PENSIONS" under the "CITY" section included in APPENDIX B to this Preliminary Official Statement for more summary information related to the City's contributions, and the Note 9 – "PENSION AND RETIREMENT SYSTEMS", beginning on page 54 of the City's June 30, 2025 Financial and Compliance Report included in APPENDIX D to this Preliminary Official Statement for additional information related to the City's deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity. Changes to the City's pension contributions, or available sources to fund said contributions, may adversely affect the City's financial condition. The Bonds are secured by an unlimited ad valorem property tax as described more fully in the "PAYMENT OF AND SECURITY FOR THE BONDS" herein.

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

Bankruptcy: The rights and remedies available to holders of the Bonds may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditor's rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Iowa. The various opinions of counsel to be delivered with respect to the Bonds and the Resolution, including the opinion of Bond Counsel, will be similarly qualified. If the City were to file a petition under Chapter 9 of the Federal bankruptcy code, the owners of the Bonds could be prohibited from taking any steps to enforce their rights under the Resolution. In the event the City fails to comply with its covenants under the Resolution or fails to make payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Bonds.

Under 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 bond issue, as to which the governing body of the city, county, or other political subdivision has made a specific finding set forth in a duly adopted resolution of each of the following: (i) 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; (ii) 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; (iii) as a result of such obligation, the city, county, or other political subdivision is unable to pay its debts as they become due; and (iv) the debt is not an obligation to pay money to a city, county, entity organized pursuant to chapter 28E of the Iowa Code, or other political subdivision.

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

Tax Levy Procedures: The Bonds are general obligations of the City, payable from and secured by a continuing ad valorem tax levied against all of the property valuation within the City. As part of the budgetary process each fiscal year, the City will have an obligation to request a debt service levy to be applied against all of the taxable property within the City. A failure on the part of the City to make a timely levy request or a levy request by the City that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause bondholders to experience a delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the City and certain other public officials to perform the terms of the Resolution) may have to be enforced from year to year. See "PAYMENT OF AND SECURITY FOR THE BONDS" herein.

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

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

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

RATING

The Bonds have been rated 'AA+' by S&P. Currently, S&P rates the City's long-term general obligation debt 'AA+'. The existing ratings on long-term debt reflect only the view of the rating agency and any explanation of the significance of such ratings may only be obtained from Moody's. There is no assurance such ratings will continue for any period of time or that they will not be revised or withdrawn. Any revision or withdrawal of the ratings may influence the market price of the Bonds.

MUNICIPAL ADVISOR

The City has retained PFM Financial Advisors LLC, Des Moines, Iowa as Municipal Advisor in connection with the preparation of the issuance of the Bonds. In preparing the Preliminary Official Statement, the Municipal Advisor has relied on government officials and other sources to provide accurate information for disclosure purposes. The Municipal Advisor is not obligated to undertake, and has not undertaken, an independent verification of the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

The City will covenant in a Continuing Disclosure Certificate for the benefit of the owners and beneficial owners of the Bonds to provide annually certain financial information and operating data relating to the City (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the City not later than twelve months after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2026, with the Municipal Securities Rulemaking Board, at its internet repository named "Electronic Municipal Market Access" ("EMMA"). The notices of events, if any, are also to be filed with EMMA. See FORM OF CONTINUING DISCLOSURE CERTIFICATE included in APPENDIX E to this Preliminary Official Statement. The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in the FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Purchaser in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

The City is not aware of any instance in the previous five years in which it has failed to comply, in all material respects, with previous undertakings in a written contract or agreement specified in the Rule.

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

FINANCIAL STATEMENTS

The City's June 30, 2025 Financial and Compliance Report is reproduced in APPENDIX D to this Preliminary Official Statement. The City's certified public accountant has not consented to distribution of the audited financial statements and has not undertaken added review of their presentation. Further information regarding financial performance and copies of the City's prior Financial and Compliance Reports may be obtained from the City's Municipal Advisor.

CERTIFICATION

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds. I have reviewed the information contained within the Preliminary Official Statement prepared on behalf of the City by PFM Financial Advisors LLC, Des Moines, Iowa, and to the best of my knowledge, information and belief, said Preliminary Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading regarding the issuance of $14,245,000* General Obligation Bonds, Series 2026A.

CITY OF JOHNSTON, IOWA
/s/ Sarah Swisher, Finance Director

* Preliminary; subject to change.

APPENDIX A

FINANCIAL INFORMATION ABOUT THE CITY OF JOHNSTON, IOWA

The $14,245,000 General Obligation Bonds, Series 2026A (the "Bonds") are general obligations of the City of Johnston, Iowa (the "City") for which the City will pledge its power to levy direct ad valorem taxes against all taxable property within the City without limitation as to rate or amount to the repayment of the Bonds.*

* Preliminary; subject to change.

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CITY PROPERTY VALUES

IOWA PROPERTY TAX ASSESSMENTS

In compliance with Section 441.21 of the Code of Iowa, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The 2025 final Actual Values were adjusted by the Polk County Auditor. For assessment year 2025 (applicable to Fiscal Year 2026-27), the taxable value rollback rate is 44.5345% of actual value for residential property; 59.4401% of actual value for agricultural property; 94.2059% of actual value for utilities without gas and electric; and 98.0000% of actual value for utilities with gas and electric. The residential taxable rollback rate of 44.5345% would apply to the value of each property unit of commercial, industrial and railroad property that exceeds zero dollars ($0), but does not exceed one hundred fifty thousand dollars ($150,000) with a taxable value rollback rate of 90.0000% to the value that exceeds one hundred fifty thousand dollars ($150,000). No adjustment was ordered for utility property because its assessed value did not increase enough to qualify for reduction. Utility property is limited to an 8% annual growth.

The Legislature's intent has been to limit the growth of statewide taxable valuations for the specific classes of property to 3% annually. Political subdivisions whose taxable values are thus reduced or are unusually low in growth are allowed to appeal the valuations to the State Appeal Board, in order to continue to fund present services. See "PROPERTY TAX LEGISLATION" herein for a discussion on recent legislative revisions to the administration of certain property taxes in Iowa.

Assessment Year	Fiscal Year	Agricultural Land & Buildings	Residential	Multiresidential	Commercial Industrial & Railroad	Utilities w/o Gas & Electric	Utilities w/ Gas & Electric
2021	2022-23	89.0412%	54.1302%	63.7500%	90.0000%	N/A	100.0000%
2022	2023-24	91.6430%	54.6501%	0.0000% 2)	90.0000%	N/A	100.0000%
2023	2024-25	89.0412%	54.1302%	0.0000% 2)	90.0000% 1)	N/A	100.0000%
2024	2025-26	73.8575%	47.4316%	0.0000% 2)	90.0000% 1)	N/A	100.0000%
2025	2026-27	59.4401%	44.5345%	0.0000% 2)	44.5345%	94.2059% 3)	98.0000% 3)

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to taxes due the following fiscal year. For example, the assessments finalized on January 1, 2024 are used to calculate tax liability for the tax year starting July 1, 2025 through June 30, 2026.

1) Beginning in Fiscal Year 2024-25 the residential taxable rollback rate applies to the value of each property unit of commercial, industrial and railroad property that exceeds zero dollars ($0) but does not exceed one hundred fifty thousand dollars ($150,000) with a taxable value rollback rate of 90.0000% to the value that exceeds one hundred fifty thousand dollars ($150,000).
2) During the 2021 Iowa Legislative session, House File 418 was signed into law on March 8, 2021, applicable to valuations beginning January 1, 2022. HF418 removed the multiresidential property classification by reclassifying certain properties as a subdivision of "residential" property. The multiresidential classification was created as part of the January 1, 2015 valuations, and became unnecessary due to the equalization of the residential and multiresidential classifications as of January 1, 2024 (applicable to Fiscal Year 2023-24).
3) For Fiscal Year 2026-27, the value of Utility property was differentiated between Utilities without Gas & Electric, pursuant to Chapter 437 of the Code of Iowa, and Utilities with Gas & Electric, pursuant to Chapters 428 and 438 of the Code of Iowa.

UTILITY PROPERTY TAX REPLACEMENT

Property owned by entities involved primarily in the production, delivery, service, sale of electricity, natural gas and rate-regulated water utilities ("Utilities") pay a replacement tax based upon the delivery of electricity, natural gas, or water by Utilities in lieu of property taxes. All replacement taxes are allocated among local taxing bodies by the State Department of Revenue 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. Utility properties paying the replacement tax are exempt from the levy of property tax by political subdivisions. In addition to the replacement tax, 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.

By statute, the replacement tax collected by the State of Iowa and allocated among local taxing bodies (including the City) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. It is possible that the general obligation debt capacity of the City 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 City'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 City can issue, or (ii) adversely affect the City's ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including Bonds. Approximately 2.15% of the City's levy year 2025 taxable valuation currently is utility property.

PROPERTY VALUATIONS (1/1/2025 Valuations for Taxes Payable July 1, 2026 to June 30, 2027)

	100% Actual Value	Taxable Value (With Rollback)
Residential	$3,430,924,628	$1,467,896,665
Commercial	510,319,344	420,518,632
Industrial	785,218	431,991
Utilities	1,980,640	1,941,027
Gross Valuation	$3,944,009,830	$1,890,788,315
Less Military Exemption	(2,228,000)	(2,228,000)
Less Homestead Exemption	(10,270,076)	(10,270,076)
Net Valuation	$3,931,511,754	$1,878,290,239
TIF Increment (used to compute debt service levies and constitutional debt limit)	$355,556,445 1)	$353,335,310 1)
Taxed Separately		
Ag. Land & Buildings	$9,457,960	$5,621,821
Gas & Electric Utilities	$123,109,562	$39,535,623

1) Includes $6,500 Homestead tax exemption.

VALUATION BY CLASS OF PROPERTY

2025 Gross 100% Actual Valuation by Class of Property 1)

	100% Actual Valuation	Percent Total
Residential	$3,430,924,628	84.16%
Commercial	510,319,344	12.52%
Industrial	785,218	0.02%
Ag. Land & Buildings	9,457,960	0.23%
All Utilities	125,090,202	3.07%
Total Gross 100% Valuation	$4,076,577,352	100.00%

1) Prior to military exemption, includes all Utilities, Ag. Land and Ag. Buildings, and excludes TIF Increment.

2025 Gross Taxable Valuation by Class of Property 1)

	Taxable Valuation	Percent Total
Residential	$1,467,896,665	76.04%
Commercial	420,518,632	21.79%
Industrial	431,991	0.02%
All Utilities	41,476,650	2.15%
Total Gross Taxable Valuation	$1,930,323,938	100.00%

1) Prior to military exemption, includes all Utilities and excludes Ag. Land, Ag. Buildings and Taxable TIF Increment.

TREND OF VALUATIONS [1)]

Assessment Year	Payable Fiscal Year	100% Actual Valuation	Taxable Valuation (With Rollback)	Taxable TIF Increment
2021	2022-23	$3,118,059,201	$1,562,531,127	$329,969,329
2022	2023-24	3,234,064,830	1,610,789,750	331,098,357
2023	2024-25	3,905,105,158	1,690,473,651	388,129,319
2024	2025-26	3,990,064,454	1,747,972,121	403,558,068
2025	2026-27	4,419,635,721	1,917,825,862	353,335,310

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

PROPERTY TAX LEGISLATION

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. In 2023, 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.

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 consolidates several existing city property tax levies and creates a new adjusted city general fund levy ("ACGFL"). To control the growth of property taxes, the new ACGFL per HF 718 (amended again in 2026, see below discussion of SF 2472) is subject to potential limitation or reduction by constraining growth up to 3% each year, depending on if certain growth triggers are met or exceeded during the prior year. 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. Certain levies like debt service, pensions, employee benefits, and capital improvement reserve fund are not included in the new ACGFL limitation. For Fiscal Year 2024-25, the City's non-TIF taxable valuation growth was 15.72%, causing the City's property tax growth to be mitigated by the calculations imposed by HF 718. The City's Budget for Fiscal Year 2024-25 accommodated this mitigation of tax revenue relative to its non-TIF taxable valuation growth.

On May 1, 2024, new legislation ("SF 2442") was signed into law by the Governor, which amongst other things, adjusted levy rates modified under HF 718 based on default rates and certain growth parameters for taxes and budgets for Fiscal Year 2025-26. For Fiscal Year 2025-26, the City's non-TIF taxable valuation growth was 5.73%, causing the City's property tax growth to be mitigated by the calculations imposed by SF 2442. The City's Budget for Fiscal Year 2025-26 accommodated this mitigation of tax revenue relative to its non-TIF taxable valuation growth.

For Fiscal Year 2026-27, the City's non-TIF taxable valuation growth is 9.72%, causing the City's property tax growth to be mitigated by the calculations imposed by SF 2442. The City's Budget for Fiscal Year 2026-27 accommodates this mitigation of tax revenue relative to its non-TIF taxable valuation growth.

On May 18, 2026, the Governor signed into law Iowa Senate File 2472 (the "SF 2472"), which enacts further comprehensive reforms to Iowa's property tax system. The SF 2472, among other things, (i) imposes growth-based caps limiting annual increases in property tax levy rates, generally restricting levy growth to 102% of the prior year's certified property tax dollars exclusive of New Valuation (defined in the bill); (ii) restricts unassigned general fund reserves of certain local governments to 35% of budgeted general fund expenditures; (iii) prohibits the issuance of bonds or other indebtedness payable from ad valorem property taxes to fund general governmental operations; (iv) limits new urban renewal revenue division ordinances to a 23-year duration and imposes a 60% cap on tax increment captures from existing unlimited-duration urban renewal areas after 20 years; and (v) restructures the homestead credit program, replacing the existing credit with a new exemption of 10% of taxable value per eligible homestead (minimum $5,500, maximum $20,000, indexed for inflation). SF 2472 took effect in part immediately upon enactment, with the majority of provisions applicable to fiscal years beginning on or after July 1, 2027.

For Fiscal Year 2026-27, the City's general fund levy remains capped at the greater of $8.10/$1000 of taxable value, or the prior ACGFL. For Fiscal Year 2027-28 through Fiscal Year 2029-30, the City's general fund levy cannot exceed 102% of the prior year's actual certified property taxes, adjusted for New Valuation (defined in the bill). For Fiscal Year 2030-31 and beyond, the City's general fund levy shall be the lesser of the 102% adjusted cap, or $8.10/$1000.

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 Bonds should consult their tax advisors regarding any pending or proposed federal or state tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Bonds. Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending federal or state tax legislation.

Notwithstanding any modifications to property tax revenues that may result from prior, or any pending or future legislation, the Bonds are secured by an unlimited ad valorem property tax. See "PAYMENT OF AND SECURITY FOR THE BONDS" herein.

CITY INDEBTEDNESS

DEBT LIMIT

Article XI, Section 3 of the State of Iowa Constitution limits the amount of debt outstanding at any time of any county, municipality or other political subdivision to no more than 5% of the actual value of all taxable property within the corporate limits, as taken from the last state and county tax list. The debt limit for the City, based on its 2025 valuation currently applicable to the Fiscal Year 2026-27 is as follows:

2025 Actual Valuation of Property	$4,419,635,721 1)
Legal Debt Limit of 5%	0.05
Legal Debt Limit	$220,981,786
Less: G.O. Debt Subject to Debt Limit	(135,276,000) *
Less: G.O. Bonds Subject to Annual Appropriation	(521,425) 2)
Less: Other Financial Obligations	(1,514,988) 3)
Net Debt Limit	$83,669,373 *

1) As reported by the Department of Management, excludes losses primarily due to board of review actions, PAAB orders and assessor corrections applicable to the FY 2026-27 tax collections.
2) The Series 2020A Bonds are subject to annual appropriation. The amount above has been appropriated in FY 2025-26 for payment in FY 2026-27.
3) Other Financial Obligations payable in FY 2026-27 include developer agreements (appropriated in FY 2025-26), forgivable loans, capital lease obligations, and installment contracts as reported by the City. Development agreements for urban renewal projects are under the authority of Iowa Code Chapter 403. The Iowa Supreme Court has not formally ruled on the question of whether contracts to rebate the tax increment generated by a particular development constitutes indebtedness of a City for constitutional debt limit purposes. The amount reported above includes rebate agreements that may not be debt. Payment of future installments may be dependent upon undertakings by the developers, which may have not yet occurred. The City actively pursues opportunities consistent with the development goals of its various urban renewal plans, which may be amended from time-to-time, and the City may enter into additional development agreements committing to additional rebate incentive in fiscal year 2026 or after. For more information, see “OTHER FINANCIAL OBLIGATIONS” included in APPENDIX B of this Preliminary Official Statement.

* Preliminary; subject to change.

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DIRECT DEBT

General Obligation Debt Paid by Property Taxes, LOST, TIF, Water, Sewer, and Storm Water (Includes the Bonds)

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 9/9/26
4/15A	$20,975,000	Corporate Purposes & Refunding (2005C)	6/34	$10,805,000
8/16A	8,510,000	Corporate Purposes	6/36	5,175,000
5/17E	3,339,000 [1)]	Corporate Purposes (GO SRF Loan)	6/36	2,118,000
8/17D	16,515,000	Corporate Purposes	6/37	10,075,000
9/18A	9,500,000	Corporate Purposes	6/38	6,905,000
9/19A	4,925,000	Corporate Purposes	6/39	2,870,000
4/19B	4,117,114 [2)]	Corporate Purposes (GO SRF Loan)	6/38	2,838,000 [3)]
3/20C	14,460,000	Refunding (2012A & 2013B)	6/33	7,990,000
11/20E	2,770,000	Taxable Corporate Purpose	6/31	1,420,000
4/21A	20,190,000	Corporate Purposes	6/41	13,680,000
10/21B	27,975,000	Corporate Purposes (Town Center)	6/41	23,480,000
11/21C	5,650,000	Taxable Corporate Purposes	6/31	1,315,000
6/22A	8,315,000	Corporate Purposes	6/32	4,765,000
7/23A	8,815,000	Corporate Purposes	6/35	5,620,000
9/24A	11,000,000	Corporate Purposes	6/44	10,100,000
6/25A	12,970,000	Corporate Purposes	6/45	11,875,000
9/26A	14,245,000*	Corporate Purposes	6/46	14,245,000*
Total General Obligation Debt Subject to Debt Limit:				**$135,276,000***

1) The City drew down all of the original $3,114,000 and amended the loan agreement to add a sponsored project of $225,000 for a total of $3,339,000.
2) The City drew down $3,799,876 of the original $4,070,000 contemplated and amended the loan agreement to add a sponsored project of $318,000 for a total of $4,117,114.
3) Based on preliminary debt service schedule established prior to final project draws. The City has an outstanding balance of $2,817,716 based on draws through June 16, 2026.

* Preliminary; subject to change.

General Obligation Annual Appropriation Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 9/9/26	Annual Appropriation Subject to Debt Limit
3/20A	$5,480,000	Essential Purposes	6/39	$2,850,000	$521,425

ANNUAL FISCAL YEAR DEBT SERVICE PAYMENTS

General Obligation Debt Paid by Property Taxes, LOST, TIF, Water, Sewer, and Storm Water (Includes the Bonds)

	Current Outstanding		The Bonds		Total Outstanding	
Fiscal Year	Principal	Principal and Interest	Principal*	Principal and Interest*	Principal*	Principal and Interest*
2026-27	$11,157,000	$15,325,218	$525,000	$1,043,360	$11,682,000	$16,368,577
2027-28	11,430,000	15,144,298	450,000	1,136,000	11,880,000	16,280,298
2028-29	11,465,000	14,691,448	470,000	1,133,500	11,935,000	15,824,948
2029-30	10,134,000	12,905,213	490,000	1,130,000	10,624,000	14,035,213
2030-31	10,369,000	12,793,713	520,000	1,135,500	10889,000	13,929,213
2031-32	10,178,000	12,273,193	545,000	1,134,500	10723,000	13,407,693
2032-33	9,092,000	10,853,345	575,000	1,137,250	9,667,000	11,990,595
2033-34	8,492,000	9,974,905	605,000	1,138,500	9,097,000	11,113,405
2034-35	7,281,000	8,502,810	630,000	1,133,250	7,911,000	9,636,060
2035-36	5,626,000	6,624,488	670,000	1,141,750	6,296,000	7,766,238
2036-37	4,977,000	5,815,528	700,000	1,138,250	5,677,000	6,953,778
2037-38	4,760,000	5,450,231	725,000	1,128,250	5,485,000	6,578,481
2038-39	3,935,000	4,482,761	770,000	1,137,000	4,705,000	5,619,761
2039-40	3,830,000	4,257,781	810,000	1,138,500	4,640,000	5,396,281
2040-41	3,965,000	4,274,019	850,000	1,138,000	4,815,000	5,412,019
2041-42	1,210,000	1,395,806	890,000	1,135,500	2,100,000	2,531,306
2042-43	1,255,000	1,389,881	935,000	1,136,000	2,190,000	2,525,881
2043-44	1,300,000	1,382,031	980,000	1,134,250	2,280,000	2,516,281
2044-45	575,000	601,594	1,025,000	1,130,250	1,600,000	1,731,844
2045-46			1,080,000	1,134,000	1,080,000	1,134,000
Total	$121,031,000		$14,245,000*		$135,276,000*	

* Preliminary; subject to change.

General Obligation Annual Appropriation Debt

	Current Outstanding Series 2020A	
Fiscal Year	Principal	Principal and Interest
2026-27	$425,000	$521,425
2027-28	455,000	530,175
2028-29	475,000	527,425
2029-30	200,000	233,425
2030-31	130,000	157,425
2031-32	135,000	159,825
2032-33	140,000	162,125
2033-34	140,000	159,325
2034-35	145,000	161,525
2035-36	145,000	158,625
2036-37	150,000	160,544
2037-38	155,000	162,169
2038-39	155,000	158,681
Total	$2,850,000	

OTHER FINANCIAL INFORMATION

LARGER TAXPAYERS

Set forth in the following table are the persons or entities which represent larger taxpayers within the boundaries of the City, as provided by the Polk County auditor's office. 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.

Taxpayer [1)]	Type of Property	1/1/2025 Taxable Valuation [2)]
Deere Credit Services Inc.	Commercial	$68,241,802
Pioneer Hi-Bred Int'l. Inc.	Agricultural / Commercial	56,683,137
Pioneer Hi-Bred Co.	Agricultural / Commercial	46,547,376
Mid-American Energy	Utility	39,447,893
Cole OFC Johnston IA LLC	Commercial	25,941,802
Pioneer Hi-Bred Corn Co.	Residential / Agricultural / Commercial	25,864,285
Bricktowne Johnston LC	Residential [3)]	24,404,906
Johnson Brothers of Iowa, Inc.	Residential / Commercial	15,182,327
Mansions at Hemingway LLC	Residential [3)]	15,141,730
Village Square LLC	Commercial	12,981,801

1) This list represents some of the larger taxpayers in the City, not necessarily the 10 largest taxpayers.
2) The January 1, 2025 Taxable valuations listed represents only those valuations associated with the title holder and may not necessarily represent the entire taxable valuation.
3) Reclassified from "Multiresidential" to "Residential" as of January 1, 2022. See "IOWA PROPERTY TAX ASSESSMENTS" herein.

Source: Polk County Auditor's Office

LEVIES AND TAX COLLECTIONS

Fiscal Year	Levy [1)]	Collected During Collection Year	Percent Collected
2021-22	$24,951,415	$24,916,287	99.86%
2022-23	26,858,938	26,747,365	99.59%
2023-24	27,431,194	27,402,051	99.89%
2024-25	31,147,207	31,003,871	99.54%
2025-26	32,307,351	---In process of collection---	

1) Includes TIF Increment certified for collection in each fiscal year.

Collections include delinquent taxes from all prior years. Taxes in Iowa are delinquent each October 1 and April 1 and a late payment penalty of 1.5% per month of delinquency is enforced as of those dates. If delinquent taxes are not paid, the property may be offered at the regular tax sale on the third Monday of June following the delinquency date. Purchaser at the tax sale must pay an amount equal to the taxes, special assessments, interest, and penalties due on the property and funds so received are applied to taxes. A property owner may redeem from the regular tax sale but, failing redemption within three years, the tax sale purchaser is entitled to a deed which in general conveys the title free and clear of all liens except future tax installments.

Source: Polk County Auditor's Office

TAX RATES

	FY 2021-22 $/$1,000	FY 2022-23 $/$1,000	FY 2023-24 $/$1,000	FY 2024-25 $/$1,000	FY 2025-26 $/$1,000
Polk County	7.13383	6.77099	6.77099	6.77099	6.70896
City of Johnston	10.63042	10.67513	10.85513	11.43790	11.43790
Johnston Community School District	17.76219	17.75152	13.00519	13.88867	14.91717
Des Moines Area Comm. College	0.67789	0.69448	0.74410	0.75916	0.78046
County Assessor	0.19192	0.22542	0.22070	0.25772	0.24426
County Ag Extension	0.03486	0.03328	0.03346	0.03175	0.03143
County Hospital	2.57740	2.57722	2.63945	2.39364	2.38878
Des Moines Area Regional Transit	0.63876	0.62955	0.61971	0.64928	0.65011
State of Iowa	0.00260	0.00240	0.00180	0.00180	0.00000
Total Tax Rate for City Residents	39.64987	39.35999	34.89053	36.19091	37.15907

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APPENDIX B

GENERAL INFORMATION ABOUT THE CITY OF JOHNSTON, IOWA

This section is included for informational purposes only. The $14,245,000 General Obligation Bonds, Series 2026A (the "Bonds") are general obligations of the City of Johnston, Iowa (the "City") for which the City will pledge its power to levy direct ad valorem taxes against all taxable property within the City without limitation as to rate or amount to the repayment of the Bonds.*

* Preliminary; subject to change.

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THE CITY

LEVY LIMITS

To control the growth of property taxes, the adjusted city general fund levy ("ACGFL") is subject to potential limitation or reduction by constraining growth each year depending on if certain growth triggers are met or exceeded during the prior year. Certain levies like debt service, pensions, employee benefits, liability, property and self-insurance cost and capital improvement reserve fund are not included in the new ACGFL limitation. The City's recent property valuation growth has been within the new legislative caps. Assuming the City meets or exceeds the legislative caps in the future, the City's general fund levies will lag its relative valuation growth. For Fiscal Year 2025-26, the City's non-TIF taxable valuation growth was 3.40%, causing the City's property tax growth to be mitigated by the calculations imposed by SF 2442. The City's Budget for Fiscal Year 2025-26 accommodated this mitigation of tax revenue relative to its non-TIF taxable valuation growth. Pursuant to SF 2442, the City's adjusted city general fund levy ("ACGFL") for Fiscal Year 2025-2026 was $8.12463.

For Fiscal Year 2026-27, the City's proposed non-TIF tax valuation growth is 9.72%, causing the City's property tax growth to be mitigated by the calculations imposed by SF 2442. The City's Budget for Fiscal Year 2026-27 accommodated this mitigation of tax revenue relative to its non-TIF taxable valuation growth. Pursuant to SF 2442, the City's new adjusted city general fund levy ("ACGFL") for Fiscal Year 2026-2027 will be $7.88799.

Per SF 2472, for Fiscal Year 2026-27, the City's general fund levy remains capped at the greater of $8.10/$1000 of taxable value, or the prior ACGFL. For Fiscal Year 2027-28 through Fiscal Year 2029-30, the City's general fund levy cannot exceed 102% of the prior year's actual certified property taxes, adjusted for New Valuation (defined in the bill). For Fiscal Year 2030-31 and beyond, the City's general fund levy shall be the lesser of the 102% adjusted cap, or $8.10/$1000.

Debt service levies are not limited, rather the City is only subject to the aggregate constitutional debt limits. See "DEBT LIMIT" under "CITY INDEBTEDNESS" and "PROPERTY TAX LEGISLATION" under "CITY PROPERTY VALUES" included in APPENDIX A to this Preliminary Official Statement for additional discussion regarding revisions to the administration of the general fund levy beginning in Fiscal Year 2024-25 and other property tax legislation.

EMPLOYEES AND PENSIONS

The City currently has 164 full-time employees, including 39 sworn officers, 43 full-time firefighters, and 35 permanent part-time employees. The City participates in a statewide employee retirement system, the Iowa Public Employees Retirement System ("IPERS) administered by the State of Iowa in accordance with Iowa Code chapter 97B. All full-time employees not covered by another retirement system must participate in IPERS.

Iowa Public Employees Retirement System: The City contributes to IPERS, which is a cost-sharing, multiple-employer, contributory defined benefit public employee retirement system. IPERS provides retirement and death benefits, which are established by state statute, to plan members and beneficiaries. IPERS is authorized to adjust the total contribution rate up or down each year, by no more than 1.0%, based upon the actuarially required contribution rate. The City's contributions to IPERS for the past three fiscal years, as shown below, equal the required contributions for each year.

	FY 2022-23	FY 2023-24	FY 2024-25
IPERS City Contribution	$1,044,112	$1,165,792	$1,349,916

The IPERS's Annual Comprehensive Financial Report is available on the IPERS website or by contacting IPERS at 7401 Register Drive P.O. Box 9117, Des Moines, IA 50306-9117.

Pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 68, the City reported a liability of $697,043 as of June 30, 2025 for its proportionate share of the net pension liability. The net pension liability is the amount by which the total actuarial liability differs from the pension plan's net assets or fiduciary net position (essentially the market value) available for paying benefits. 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 a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all IPERS participating employers. At June 30, 2024, the City's collective proportion was 0.0191420%, which was a decrease of 0.0270550% from its proportion measured as of June 30, 2023.

For additional information on the City's Pension and Retirement Benefits, including deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate, discount rate sensitivity and expenses, refer to Note 9 – "PENSION AND RETIREMENT SYSTEMS", beginning on page 54 of the City's June 30, 2025 Financial and Compliance Report included in APPENDIX D to this Preliminary Official Statement.

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

OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

The City operates a single-employer, defined benefit plan which provides medical, prescription drug and dental benefits for retirees and their dependents. Retirees under age 65 may participate in the group plan at the employee's own expense until they reach age 65. Retirees aged 65 and older may participate in the plan at the group contract rate with Medicare coordination. As of June 30, 2025, there were 155 active employees and 3 inactive employees or beneficiary receiving benefits payments.

Changes in the City's total OPEB liability are as follows:

Balance at July 1, 2024	$1,968,651
Changes for the year:	
Service cost	261,905
Interest	86,912
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions or other inputs	(282,615)
Benefit payments	(38,127)
Net changes	28,075
Balance at June 30, 2025	$1,996,726

The City's total OPEB liability of $1,996,726 was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2025.

For additional information on the City's OPEB, including deferred outflows and inflows of resources, actuarial assumptions, discount rate, sensitivity to discount rate and healthcare costs trends, refer to Note 10 – "OTHER POSTEMPLOYMENT BENEFITS", beginning on page 57 of the City's June 30, 2025 Financial and Compliance Report included in APPENDIX D to this Preliminary Official Statement.

UNION CONTRACTS

The labor unions representing certain City employee groups and their current contract expiration dates are shown below.

Employee Group	Contract Expiration Date
AFSCME	June 30, 2028
Teamsters	June 30, 2028
IAFF	June 30, 2028

INSURANCE

The City's insurance coverage is as follows:

	Estimated Premium / Coverage
Property	**$191,877**
Building Total	$73,503,129
Personal Property Total	$8,850,698
Property in the Open Total	$25,207,672
Blanket Limit (90%)	$96,805,350
Composite Property Rate	0.20%
Deductible	$25,000
Wind / Hail Deductible	1.0% > $25,000
Inland Marine	**$8,829**
Firefighters Portable Equipment	$1,000,000
Scheduled Equipment	$393,650
General Liability	**$120,319**
Each Occurrence	$2,000,000
Medical Expense Limit	$10,000
General Aggregate Limit	$4,000,000
Personal and Advertising Injury Limit	$2,000,000
Products/Completed Operations Aggregate Limit	$4,000,000
PD / BI Deductible	$25,000
Linebacker	**$132,923**
Each Loss / Aggregate Limit	$2,000,000
Linebacker Retro Date	07/01/1994
Linebacker Deductible	$25,000
Law Enforcement Liability	**$65,385**
Each Loss / Aggregate Limit	$2,000,000
Medical Expense Limit	$5,000
Law Enforcement Retro Date	07/01/1994
Law Enforcement Deductible	$10,000
Auto Liability	**$154,043**
Liability Limit	$2,000,000
Uninsured Motorist / Underinsured Motorist	$1,000,000
Auto Liability Deductible	$10,000

FUNDS ON HAND (Cash and Investment as of May 31, 2026)

General Fund	$11,110,338.71
Special Revenue Fund	36,174,960.29
Debt Service Fund	1,779,075.84
Capital Projects Fund	22,139,184.25
Enterprise Fund	17,876,035.76
Internal Service Fund	2,176,283.31
Custodial Fund - JGMFD	5,644,362.41
Total Cash and Investments	$96,900,240.57

BUDGET SUMMARY

Revenues:	2026-27 Budget	2025-26 Re-Estimated	2024-25 Actual
Net Property Taxes	$22,335,647	$20,669,657	$19,829,088
TIF	10,893,726	11,637,694	11,084,318
Other City Taxes	6,650,230	6,297,475	5,942,285
License / Permits	646,800	620,650	735,008
Use of Money & Property	444,850	480,670	3,441,689
Intergovernmental	3,803,526	3,728,559	6,300,617
Charges for Fees & Services	14,518,997	14,335,438	14,918,219
Special Assessments	0	0	138,237
Miscellaneous	709,300	699,000	1,110,692
Other Financing Sources:			
Transfers In	17,319,636	17,826,029	17,355,529
Proceeds of Debt	21,918,029	31,172,484	27,987,046
Proceeds of Capital Asset Sales	0	0	78,998
Total Revenues	$99,240,741	$107,467,656	$108,921,726

Expenditures:	2026-27 Budget	2025-26 Re-Estimated	2024-25 Actual
Public Safety	$14,091,585	$13,471,512	$12,317,170
Public Works	5,331,661	5,264,927	4,154,686
Health & Social Services	51,600	51,600	35,500
Culture & Recreation	5,301,419	5,201,894	4,472,443
Community & Economic Development	2,956,081	2,502,303	2,173,351
General Government	3,119,762	2,934,013	2,284,667
Debt Service	16,933,174	15,223,573	15,727,516
Capital Projects	18,662,297	14,963,557	13,936,229
Enterprise	18,080,128	30,471,191	17,010,240
Total Expenditures	$84,527,707	$90,084,570	$72,111,802
Total Transfer Outs	$17,319,636	$17,826,029	$17,355,529
Total Expenditures / Transfer Outs	$101,847,343	$107,910,599	$89,467,331
Beginning Fund Balance July 1	$89,198,829	$89,641,772	$70,187,377
Ending Fund Balance June 30	$86,592,227	$89,198,829	$89,641,772

BUILDING PERMITS

City officials report the following construction activity as of May 31, 2026. Permits for the City are reported on a calendar year basis.

	2022	2023	2024	2025	2026
Single Family Homes:					
No. of new homes:	144	126	116	145	79
Valuation:	$35,526,830	$53,962,276	$50,031,725	$67,119,495	$28,444,000
No. of Multi-Family:	2	0	0	0	0
Valuation:	$13,962,540	$0	$0	$0	$0
Commercial/Industrial/Other:					
No. of new buildings:	11	9	5	6	3
Valuation:	$42,989,844	$47,274,700	$3,251,800	10,510,000	$3,509,500
Other:	523	423	440	457	144
Valuation:	$29,499,498	$16,207,266	$31,107,498	$31,001,309	$13,212,295
Total Permits	680	558	561	608	226
Total Valuations	$121,978,712	$117,444,242	$84,391,023	$108,630,804	$45,165,795

OTHER DEBT INFORMATION

INDIRECT GENERAL OBLIGATION DEBT

Taxing District	1/1/2025 Taxable Valuation [1]	Portion of Taxable Valuation Within City	Percent In City	G.O. Debt [2]	City's Proportionate Share
Polk County	$39,809,884,585	$2,276,782,993	5.72%	$453,155,000	$25,920,466
Johnston CSD	3,773,917,826	2,276,782,993	60.33%	0	0
Des Moines Area Community College	75,013,582,571	2,276,782,993	3.07%	100,335,000	3,050,184
City share of total overlapping debt					$28,970,650

1) Taxable Valuation is less exemptions and includes Ag. Land & Buildings, Taxable TIF Increment and all Utilities.
2) Includes general obligation bonds, PPEL notes, certificates of participation and new jobs training certificates.

DEBT RATIOS

	Direct Debt	Debt/Actual Market Value ($4,419,635,721) [1]	Debt/24,064 [2] Population
Total General Obligation Debt	$135,276,000 *	3.06% *	$5,621.51 *
General Obligation Debt paid by Enterprise Funds [3]	(1,490,000)		
Net General Obligation Debt	$133,786,000 *	3.03% *	$5,559.59 *
Annual Appropriation G.O. Debt (Appropriated Payment)	$521,425	0.01%	$21.67
City's share of overlapping debt	$28,970,650	0.66%	$1,203.90

1) Based on the City's January 1, 2025 Actual Valuation; includes Ag Land, Ag Buildings, all Utilities and TIF Increment.
2) Population based on the City's 2020 Census.
3) Enterprise funds include the sewer, water, and stormwater enterprise funds.

* Preliminary; subject to change.

OTHER FINANCIAL OBLIGATIONS

The following table includes currently outstanding developer agreements, forgivable loans, capital lease obligations, and installment contracts as reported by the City.

Agreements	Total Estimated Obligation	Estimated Final Payment Fiscal Year	Total Estimated* Outstanding as of 6/26/26	Total Estimated* Obligation Payable in FY 2026-2027 as of 6/26/26
Bricktowne Johnston, L.C. 1)	$3,300,000	6/1/2028	$652,501	$362,860
Fareway Stores, Inc. 1)	750,000	6/1/2041	750,003	71,429
Hansen JTC, LLC (Bldg 1&2) 1)	2,930,000	6/1/2034	1,600,620	180,000
Johnston Hospitality, LLC (Grand Stay) 1)	1,413,000	6/1/2036	1,413,000	141,300
Donovan Development, LLC 1)	195,000	6/1/2029	97,825	35,988
Ignit Johnston, LLC 2)	14,200,000	6/1/2039	14,200,000	0
Johnston Golf Development LLC (Golf and Hotel) 2)	19,700,000	6/1/2142	19,700,000	0
Johnston Golf Development LLC (Outlots) 2)	3,000,000	6/1/2039	3,000,000	0
Underground Magnetics, Inc. 1)	803,290	6/1/2029	486,039	163,990
The Flooring Guys, Ltd. 1)	220,000	6/1/2030	169,075	40,414
Northwest Beaver Development, LLC (Bradley Tools) 1)	200,000	6/1/2031	200,000	40,000
DMR Holdings, LLC (Notch & Nail) 1)	140,000	6/1/2030	95,439	45,897
Andrew C. Christenson Strip Center 1)	600,000	6/1/2036	600,000	60,000
Andrew C. Christenson Hotel 2)	2,500,000	6/1/2040	2,500,000	0
LSJT of Iowa, LLC (Roughwood Parcel A, B, and C) 1)	5,690,731	6/1/2039	5,180,874	89,100
KBSB Properties, LLC (Beisser Lumber) 1)	720,000	6/1/2028	183,545	162,889
Mechanical Sales Iowa, Inc. 1)	51,000	6/1/2027	6,593	6,593
4705 NW 59th, LLC (Eick & Day) 1)	120,000	6/1/2030	72,071	17,227
WC Johnston, LLC (Westfield Phase I, II, and III) 1)	260,000	6/1/2032	259,995	34,666
Homes by Advantage, LLC 2)	200,000	6/1/2032	200,000	0
OTP, LLC 2)	200,000	6/1/2033	200,000	0
J4 North, LLC 1)	60,000	6/1/2027	60,000	60,000
Pioneer Hi-Bred International, Inc 2)	2,100,000	6/1/2034	2,100,000	0
Postage Meter Lease (City Hall)	13,177	6/1/2029	8,565	2,635
141 Business Park, LLC 2)	20,000,000		0	0
Total			$53,736,145	$1,514,988

1) These agreements are subject to annual appropriation. Payments have been appropriated for Fiscal Year 2026-27.
2) These agreements are subject to annual appropriation. Developer has not yet performed; thus, payments have not been appropriated by the City for Fiscal Year 2026-27.

* Rebate payments are estimated based on current valuations and FY 2024-2025 tax rates and are preliminary; subject to change.

REVENUE DEBT

The City has outstanding revenue debt payable from the sewer, water and storm water utility revenues as follows:

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 9/9/26
8/09	2,362,000	Water System Improvements (SRF)	6/31	$725,000
5/17A	3,931,876 [1)]	Storm Water System Improvements (SRF)	6/39	2,703,000 [2)]
5/17B	1,688,000 [3)]	Sewer System Improvements (SRF)	6/39	1,152,000
5/17C	1,675,000	Water System Improvements (SRF)	6/39	1,199,000 [4)]
1/18B	1,948,000	Storm Water System Improvements (SRF)	6/37	1,060,000
4/20D	4,550,000	Water System Improvements (SRF)	6/40	3,203,000
2/22B	1,576,000	Storm Water System Improvements (SRF)	6/42	1,132,000
5/22D	699,000	Storm Water System Improvements (SRF)	6/42	600,000
11/23C	8,015,000	Sewer System Improvements (SRF)	6/44	7,835,000 [5)]
12/23E	1,196,000	Storm Water System Improvements (SRF)	6/44	1,097,000 [6)]
11/24C	3,100,000	Sewer System Improvements (SRF)	6/45	3,053,000 [7)]
11/25B	9,000,000	Water System Improvements (SRF)	6/45	8,674,000 [8)]
11/25C	8,000,000	Sewer System Improvements (SRF)	6/45	7,999,000 [9)]
12/25D	11,000,000	Water System Improvements (SRF)	6/45	10,999,000
Total				$51,431,000

1) The City drew down $3,617,876 of the original $4,434,000 contemplated and amended the loan agreement to add a sponsored project of $314,000 for a total of $3,931,876.
2) Based on preliminary debt service schedule established prior to final project draws. The City has an outstanding balance of $2,697,358 based on draws through June 16, 2026.
3) The City drew down all of the original $1,556,000 and amended the loan agreement to add a sponsored project of $132,000 for a total of $1,688,000.
4) Based on preliminary debt service schedule established prior to final project draws. The City has an outstanding balance of $1,190,000 based on draws through June 16, 2026.
5) Based on preliminary debt service schedule established prior to final project draws. The City has an outstanding balance of $5,922,592 based on draws through June 16, 2026.
6) Based on preliminary debt service schedule established prior to final project draws. The City has an outstanding balance of $1,071,000 based on draws through April 15, 2025.
7) Based on preliminary debt service schedule established prior to final project draws. The City has an outstanding balance of $2,524,567 based on draws through June 16, 2026.
8) Based on preliminary debt service schedule established prior to final project draws. The City has an outstanding balance of $6,116,503 based on draws through June 16, 2026.
9) Based on preliminary debt service schedule established prior to final project draws. The City has an outstanding balance of $5,690,888 based on draws through June 16, 2026.

Central Iowa Water Works

On January 2, 2024, the City entered into an intergovernmental agreement (the "Agreement") establishing the City as a member agency within the newly formed Central Iowa Water Works ("CIWW"). The CIWW commenced operations as a wholesale water supplier to member agencies on January 1, 2025. CIWW has established a shared regional system of drinking water production and supply facilities under regional governance to produce safe, sufficient, reliable, and reasonably priced drinking water. Under terms of the agreement, CIWW will supply 6.690 MGD of initial allocated capacity to the City's water utility, (the "Water Utility") within the limits of its initial capacity allocation of 134.5 MGD. CIWW will construct new or expanded additional water supply facilities consistent with its long-range plan. The City has certain membership costs as a member agency including, without limitation, an allocated share of CIWW's reserve funds, debt service payments, capital contributions, and operating expenses. The City pays its membership costs to CIWW each fiscal year from revenues of its Water Utility. Finally, the Agreement outlines the formula to calculate the consideration to be paid to and from member agencies for assets transferred to CIWW. Upon commencement, the City had an estimated net deficit position of $11.074 million which will be funded with cash or debt financing of the Water Utility payable in a lump sum within 12 months. When CIWW issues additional debt in the future, the City's operational costs in the Water Utility will increase per the terms of the Agreement.

Des Moines Metropolitan Wastewater Reclamation Authority Financing Agreements

The City is a member of the Des Moines Metropolitan Wastewater Reclamation Authority ("WRA") and has entered into a financing agreement with the WRA to provide for the City's share of capital contribution for the construction and ongoing expansion of a metropolitan wastewater system. The City is responsible for a portion of the WRA sewer revenue debt payable from the revenues of their Sewer System; its responsibilities pursuant to the WRA Financing Agreement stand as nearly as practicable on a parity and equality of rank with the City's direct sewer revenue Notes and parity obligations. The City's portion of outstanding WRA debt based on FY 2026-2027 flows is as follows:

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding As of 9/9/26
6/08A	$247,327	Sewer Improvements (SRF Loan)	6/39	$201,860 [1)]
4/10A	127,934	Sewer Improvements (SRF Loan)	6/40	111,191 [2)]
6/10C-1	45,673	Sewer Improvements (SRF Loan)	6/32	61,717 [3)]
6/10C-2	485,308	Sewer Improvements (SRF Loan)	6/32	275,176 [4)]
5/11A	1,367,550	Sewer Improvements (SRF Loan)	6/42	1,295,356 [5)]
5/11C	145,284	Sewer Improvements (SRF Loan)	6/41	131,984 [6)]
12/11D	219,311	Sewer Improvements (SRF Loan)	6/43	226,359 [7)]
5/12C	411,118	Sewer Improvements (SRF Loan)	6/43	404,296 [8)]
5/12D	159,543	Sewer Improvements (SRF Loan)	6/42	151,060 [9)]
11/12G	335,060	Sewer Improvements (SRF Loan)	6/44	364,536 [10)]
4/13A	175,866	Sewer Improvements (SRF Loan)	6/43	173,323 [11)]
2/14A	41,112	Sewer Improvements (SRF Loan)	6/34	28,065 [12)]
2/14D	91,380	Sewer Improvements (SRF Loan)	6/34	64,832 [13)]
1/15A	148,242	Sewer Improvements (SRF Loan)	6/35	101,958 [14)]
5/15E	390,994	Sewer Revenue Refunding Bonds	6/36	342,158 [15)]
2/16A	179,630	Sewer Improvements (SRF Loan)	6/35	135,124 [16)]
12/16F	698,800	Sewer Improvements (SRF Loan)	6/48	819,172 [17)]
12/17A	898,320	Sewer Improvements (SRF Loan)	6/49	1,026,038 [18)]
5/18A	99,288	Sewer Improvements (SRF Loan)	6/40	102,760 [19)]
12/18D-1	257,300	Sewer Improvements (SRF Loan)	6/39	257,565 [20)]
12/18D-2	205,840	Sewer Improvements (SRF Loan)	6/32	25,009 [21)]
12/18E	290,749	Sewer Improvements (SRF Loan)	6/40	297,869 [22)]
12/18F	154,380	Sewer Improvements (SRF Loan)	6/39	78,901 [23)]
12/19A	318,608	Sewer Improvements (SRF Loan)	6/39	275,240 [24)]
12/20B	313,488	Sewer Improvements (SRF Loan)	6/42	343,222 [25)]
4/21A	616,810	Sewer Revenue Refunding Bonds	6/34	514,474 [26)]
6/22A	570,156	Sewer Improvements (SRF Loan)	6/43	585,861 [27)]
12/22C	357,720	Sewer Improvements (SRF Loan)	6/43	279,454 [28)]
12/22D	858,528	Sewer Improvements (SRF Loan)	6/54	795,728 [29)]
5/23A	1,008,120	Sewer Improvements (SRF Loan)	6/46	962,860 [30)]
6/24B	836,238	Sewer Revenue Bonds	6/39	740,232 [31)]
8/24C	252,700	Sewer Improvements (SRF Loan)	6/44	227,775 [32)]
8/24D	332,500	Sewer Improvements (SRF Loan)	6/55	310,825 [33)]
12/24E	332,500	Sewer Improvements (SRF Loan)	6/46	310,600 [34)]
2/25A	392,350	Sewer Improvements (SRF Loan)	6/34	366,508 [35)]
6/25B	683,320	Sewer improvements (SRF Loan)	6/46	683,320 [36)]
9/25C	79,668	Sewer improvements (SRF Loan)	6/45	79,668 [37)]
9/25D	59,129	Sewer improvements (SRF Loan)	6/45	59,129 [38)]
Total				$13,211,206

The amounts on the previous page represent the City's share of the principal payments of the various issues. Other participating communities within the WRA area pay the remaining amounts. Flow-based allocations are subject to change on an annual basis; as such the amount outstanding may be greater than the amount issued due to fluctuations in flow.

1) The City's flow-based share of the WRA's Series 2008A SRF loan outstanding in the amount of $9,156,000.
2) The City's flow-based share of the WRA's Series 2010A SRF lo an outstanding in the amount of $5,075,000.
3) The City's flow-based share of the WRA's Series 2010C-1 SRF loan outstanding in the amount of $1,986,000.
4) The City's flow-based share of the WRA's Series 2010C-2 SRF loan outstanding in the amount of $7,673,000.
5) The City's flow-based share of the WRA's Series 2011A SRF loan outstanding in the amount of $39,759,000.
6) The City's flow-based share of the WRA's Series 2011C SRF loan outstanding in the amount of $6,052,000.
7) The City's flow-based share of the WRA's Series 2011D SRF loan outstanding in the amount of $10,417,000.
8) The City's flow-based share of the WRA's Series 2012C SRF loan outstanding in the amount of $12,440,000.
9) The City's flow-based share of the WRA's Series 2012D SRF loan outstanding in the amount of $4,637,000.
10) The City's flow-based share of the WRA's Series 2012G SRF loan outstanding in the amount of $16,824,000.
11) The City's flow-based share of the WRA's Series 2013A SRF loan outstanding in the amount of $5,333,000.
12) The City's flow-based share of the WRA's Series 2014A SRF loan outstanding in the amount of $808,000.
13) The City's flow-based share of the WRA's Series 2014D SRF loan outstanding in the amount of $2,795,000.
14) The City's flow-based share of the WRA's Series 2015A SRF loan outstanding in the amount of $4,436,000.
15) The City's flow-based share of the WRA's Series 2015E Sewer Revenue Refunding Bonds outstanding in the amount of $18,560,000.
16) The City's flow-based share of the WRA's Series 2016A SRF loan outstanding in the amount of $3,939,000.
17) The City's flow-based share of the WRA's Series 2016F SRF loan outstanding in the amount of $32,523,000.
18) The City's flow-based share of the WRA's Series 2017A SRF loan outstanding in the amount of $31,966,000.
19) The City's flow-based share of the WRA's Series 2018A SRF loan outstanding in the amount of $3,110,000.
20) The City's flow-based share of the WRA's Series 2018D-1 SRF loan outstanding in the amount of $7,719,000.
21) The City's flow-based share of the WRA's Series 2018D-2 SRF loan outstanding in the amount of $400,000. The WRA prepaid maturities 2037-2039 on June 1, 2022, prepaid maturities 2034-2036 on June 1, 2023, and prepaid the 2033 maturity on June 27, 2024, and prepaid the 2031-2032 maturities on June 1, 2025.
22) The City's flow-based share of the WRA's Series 2018E SRF loan outstanding in the amount of $8,974,000.
23) The City's flow-based share of the WRA's Series 2018F SRF loan outstanding in the amount of $2,373,000.
24) The City's flow-based share of the WRA's Series 2019A SRF loan outstanding in the amount of $8,287,000.
25) The City's flow-based share of the WRA's Series 2020B SRF loan outstanding in the amount of $10,429,000.
26) The City's flow-based share of the WRA's Series 2021A Sewer Revenue Refunding Bonds outstanding in the amount of $25,305,000.
27) The City's flow-based share of the WRA's Series 2022A SRF loan outstanding in the amount of $17,949,000.
28) The City's flow-based share of the WRA's Series 2022C SRF loan outstanding in the amount of $8,564,000.
29) The City's flow-based share of the WRA's Series 2022D SRF loan outstanding in the amount of $25,031,000.
30) The City's flow-based share of the WRA's Series 2023A SRF loan outstanding in the amount of $31,000,000.
31) The City's flow-based share of the WRA's Series 2024B Sewer Revenue Bonds outstanding in the amount of $22,570,000.
32) The City's flow-based share of the WRA's Series 2024C SRF loan outstanding in the amount of $7,030,000.
33) The City's flow-based share of the WRA's Series 2024D SRF loan outstanding in the amount of $9,814,000.
34) The City's flow-based share of the WRA's Series 2024E SRF loan outstanding in the amount of $10,000,000.
35) The City's flow-based share of the WRA's Series 2025A SRF loan outstanding in the amount of $11,800,000.
36) The City's flow-based share of the WRA's Series 2025B SRF loan outstanding in the amount of $22,000,000.
37) The City's flow-based share of the WRA's Series 2025C SRF loan outstanding in the amount of $2,432,000.
38) The City's flow-based share of the WRA's Series 2025D SRF loan outstanding in the amount of $1,805,000.

GENERAL INFORMATION

LARGER EMPLOYERS

A representative list of larger employers located within the City is as follows:

Employer	Type of Business	Approximate Number of Employees [1]
Corteva Agriscience – Ag. Division of DowDuPont	Commercial Seeds & Research	2,200
ChildServe	Children's Special Health Care Needs	1,500
Johnston Community School District	Education	1,211 [2]
John Deere	Equipment Purchase Credit Systems	1,000
Heartland Area Education Agency	Education	614
ITS/Shazam, Inc.	Data Processing	585
Iowa National Guard	Military Services	389
Bishop Drumm Retirement Care Center	Geriatric Care	250
DLL Finance LLC	Business Banking	250
Hyperion Field Club	Golf Club	230
Goodwill	Employment/Skill Training/Thrift Store	200
City of Johnston	Municipal Government	199
Fareway [4]	Grocery Store – Headquarters	140
Iowa Public Television	TV Broadcasting	79

1) Includes full-time, part-time, and seasonal employees.
2) Total does include substitute teachers.
4) Moved corporate headquarters to the City from Boone, IA in June 2024.

Some additional major employers in the Des Moines Metropolitan Area include, but are not limited to the following:

Employer	Type of Business	Approximate Number of Employees
Hy-Vee Food Stores	Retail Food Stores	11,865
Casey's General Store, Inc.	Gas & Retail General Store	11,000
Wells Fargo Bank	Financial Services	10,900
State of Iowa	State Government	7,500 [1]
MercyOne	Healthcare (Hospitals and Clinics)	5,640
Principal Financial Group	Insurance	5,595
Des Moines Public Schools	Education	5,409 [2]
UnityPoint Health	Healthcare	5,150
Amazon	Data Center & Distribution	4,100
John Deere Companies	Ag. Machinery; Software & Financial Services	3,400 [3]
Nationwide/Allied Insurance	Insurance	3,000
Corteva Agriscience	Crop Inputs for Worldwide Agribusiness	2,200
Wellmark Inc.	Insurance Provider	1,900
City of Des Moines	Government	1,850 [4]
Maverick	Gas & Convenience Store Chain	1,800

1) Total is for the Greater Des Moines metropolitan statistical area which includes Dallas, Guthrie, Madison, Polk, and Warren counties.
2) Total does not include substitute teachers.
3) Includes both John Deere Des Moines Works and John Deere Credit Company.
4) Includes full-time, part-time, and seasonal employees.

Source: Greater Des Moines Partnership, internet searches, and company websites. The list is updated frequently as changes are identified and is not to be construed as a complete profile.

U.S. CENSUS DATA

Population Trend:	1990 U.S. Census	4,702
	2000 U.S. Census	8,649
	2010 U.S. Census	17,278
	2016 Special City Census	20,460
	2020 U.S. Census	24,064
	2025 U.S. Census (estimated)	25,065

Source: U.S. Census Bureau

UNEMPLOYMENT RATES

	Total Civilian Labor Force			Unemployment Rate		
	Polk County	Des Moines Metro Area	State of Iowa	Polk County	Des Moines Metro Area	State of Iowa
2022	274,300	398,400	1,700,300	2.9%	2.7%	2.9%
2023	279,900	407,800	1,708,100	3.0%	2.8%	3.0%
2024	282,600	412,700	1,709,300	3.2%	3.1%	3.2%
2025	287,700	419,900	1,737,700	3.5%	3.5%	3.5%
2026	286,200	417,575	1,724,825	3.4%	3.3%	3.3%

Source: Iowa Workforce Development Center

EDUCATION

City residents are served by the Johnston Community School District, with approximately 1,211 employees. The District operates one preschool for children two to four years old; five elementary schools, grades kindergarten through five; two middle schools, one grades six and seven and one grades eight and nine; and one senior high school, grades ten through twelve. The combined October 2025 certified enrollment for the eight schools is 6,673.0.

Post-secondary education opportunities include several technical and junior colleges in the Des Moines Area with over 100 vocational training and paraprofessional programs available. Four-year and graduate degree programs are offered by Grandview University and Drake University, both located in Des Moines, as well as Iowa State University located in nearby Ames.

INCOME DATA

Comparative income levels are listed below for the City, the State of Iowa, and the United States:

	City of Johnston	State of Iowa	United States
Median Household Income	$89,872	$67,580	$69,687
Per Capita Income	$48,988	$34,876	$37,097

Source: Claritas, Inc. 2025 report

FINANCIAL SERVICES

Commercial banks and local branch offices located within the City report the following deposits as of June 30, 2025.

Bank Name	Reported Deposits
Community State Bank, N.A. (branch of Ankeny, IA)	$650,750,000
Wells Fargo Bank, N.A. (branch of Sioux Falls, SD)	158,712,000
Charter Bank (Johnston, IA)	92,881,000
Grinnell State Bank (branch of Grinnell, IA)	89,309,000
Bank Iowa (branch of West Des Moines, IA)	66,833,000
BMO Bank, N.A. (branch of Chicago, IL)	27,576,000

Source: FDIC

APPENDIX C

FORM OF LEGAL OPINION

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Ahlers & Cooney, P.C.
Attorneys at Law
100 Court Avenue, Suite 600
Des Moines, Iowa 50309-2231
Phone: 515-243-7611
Fax: 515-243-2149
www.ahlerslaw.com

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 Johnston, State of Iowa (the "Issuer"), relating to the issuance of General Obligation Bonds, Series 2026A, by said City, dated September 9, 2026, in the denomination of $5,000 or multiples thereof, in the aggregate amount of $_________________ (the "Bonds").

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 issuance of the Bonds (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 issue the Bonds.

2. The Bonds 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 Bonds. Taxes have been levied by the Resolution for the payment of the Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

4. Interest on the Bonds 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 Bonds 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 Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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

The rights of the owners of the Bonds and the enforceability of the Bonds 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 D

JUNE 30, 2025

FINANCIAL AND COMPLIANCE REPORT

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City of Johnston, Iowa

Financial and Compliance Report
Year Ended June 30, 2025

Table of Contents

Elected and City Officials

As of June 30, 2025

Mayor
Paula Dierenfeld

City Council Members
Bryan Burkhardt
Tom Cope
Jim Evans
Rhonda Martin
Suresh Reddy

Administrator
Mike Pogge-Weaver

Finance Director
Sarah Swisher

Director of Internal Operations/City Clerk
Cyndee Rhames

Attorney
Kristine Stone

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Bohnsack & Frommelt LLP
Certified Public Accountants
575 12th Avenue
East Moline, Illinois 61244

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Johnston, Iowa, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 17 to the financial statements, the City adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. As a result, June 30, 2024 governmental activities, business type activities, and major enterprise funds, Water Fund and Sewer Fund, net positions were restated.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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 City of Johnston, Iowa's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Johnston, Iowa's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the City's total OPEB liability and related ratios, and schedule of the City's proportionate share of the net pension liability and schedule of the City's contributions, and budgetary comparison information, on pages 5–13 and 66-74 be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Johnston, Iowa's basic financial statements. The supplementary information, as listed in the table of contents and the Schedule of Expenditures of Federal Awards as required by Title 2, *U.S Code of Federal Regulations,* Part 200*, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The City's basic financial statements for the years ended June 30, 2016 through 2017, which are not presented herein, were audited by other auditors whose report thereon dated February 23, 2018, expressed unmodified opinions on the basic financial statements. Their report on the Schedule of Revenues by Source and Expenditures by Function for the years ended June 30, 2016 through 2017 state that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements as a whole for the years ended June 30, 2016 through 2017 taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and the insurance coverage information and sewer fund statistical information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2026, on our consideration of the City of Johnston, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Johnston, Iowa's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Johnston, Iowa's internal control over financial reporting and compliance.

Bohnsack & Frommelt LLP

Moline, Illinois
March 9, 2026

It is an honor to present to you the financial picture of the City of Johnston, Iowa. We offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Johnston, Iowa for the year ended June 30, 2025.

Financial Highlights
The assets of the City of Johnston, Iowa exceeded its liabilities at the close of the most recent fiscal year by $241,086,758 (net position). Of this amount, $30,234,426 is unrestricted. As of June 30, 2024, assets exceeded liabilities by restated $224,200,550. Of this amount, $24,902,298 was unrestricted.

For fiscal year 2025, the government's total net position increased $16,886,208. Governmental activities increased by $12,297,277 and business-type activities increased by $4,588,931.

At the close of the fiscal year June 30, 2025, the City of Johnston, Iowa's governmental funds reported combined ending fund balances of $73,765,676 an increase of $20,008,316 in comparison with the prior year. Approximately 17.6 percent of this amount, $12,987,401, is unassigned fund balance which is available for spending at the City's discretion.

At the end of the current fiscal year, unassigned fund balance for the General Fund was $12,987,401 or 64.4 percent of the total General Fund expenditures.

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

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

Both of the government-wide financial statements distinguish functions of the City which are principally supported by taxes (governmental activities) from other functions intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Johnston, Iowa include general government, public safety, public works, culture and recreation, community development, and health and social services. The business-type activities of the City of Johnston, Iowa include water, sewer, and storm water.

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

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

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

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

Proprietary funds – The City maintains two different types of proprietary funds. The City maintains enterprise funds which are used to report the same functions presented as business-type activities in the government-wide financial statements and maintains an internal service fund which is used to accumulate and allocate costs internally among the City's various functions.

Enterprise funds serve external customers and are primarily funded through user charges. The City maintains three enterprise funds. The enterprise fund financial statements provide separate information for the Water Fund, Sewer Fund and Storm Water Fund as these funds are considered to be major funds of the City.

The City uses an internal service fund to account for its employee health insurance costs. Because this activity predominantly benefits governmental rather than business-type activities, it is included within the governmental activities in the government-wide financial statements.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's programs.

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

<u>Required supplementary information</u> – The required supplementary information further explains and supports the financial statements with a comparison of the City's budget for the year, the City's proportionate share of the net pension liability and related contributions for the City's retirement plans, as well as presenting the schedule of changes in the City's total OPEB.

<u>Supplementary and other information</u> - The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to basic financial statements and the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's total net position has increased from a year ago. Table 1 reflects total net position of $241,086,758 at June 30, 2025, which represents an increase of $16,886,208 from June 30, 2024.

Table 1 - City of Johnston's Net Position

	Governmental Activities 2025	Governmental Activities Restated 2024	**Business-Type Activities 2025**	Business-Type Activities Restated 2024	**Total 2025**	Total Restated 2024
Current and other assets	**$ 111,627,495**	$ 92,515,461	**$ 19,923,125**	$ 18,285,804	**$ 131,550,620**	$ 110,801,265
Capital assets	**218,993,444**	213,663,372	**100,216,176**	95,789,134	**319,209,620**	309,452,506
Total assets	**330,620,939**	306,178,833	**120,139,301**	114,074,938	**450,760,240**	420,253,771
Deferred outflows of resources	**2,495,216**	3,001,914	**281,121**	334,840	**2,776,337**	3,336,754
Noncurrent liabilities	**133,455,830**	122,634,432	**25,839,639**	23,972,732	**159,295,469**	146,607,164
Other liabilities	**15,353,452**	15,932,827	**3,612,658**	4,100,940	**18,966,110**	20,033,767
Total liabilities	**148,809,282**	138,567,259	**29,452,297**	28,073,672	**178,261,579**	166,640,931
Deferred inflows of resources	**34,004,413**	32,608,305	**183,827**	140,739	**34,188,240**	32,749,044
Net position:						
Net investment in capital assets	**103,132,661**	96,418,622	**73,156,986**	70,550,577	**176,289,647**	166,969,199
Restricted	**34,562,685**	32,329,053	**-**	-	**34,562,685**	32,329,053
Unrestricted	**12,607,114**	9,257,508	**17,627,312**	15,644,790	**30,234,426**	24,902,298
Total net position	**$ 150,302,460**	$ 138,005,183	**$ 90,784,298**	$ 86,195,367	**$ 241,086,758**	$ 224,200,550

Of the City's net position, 73.1% reflects its net investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, infrastructure, machinery and equipment) less accumulated depreciation and any outstanding debt used to acquire those assets. The City of Johnston uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A restricted portion of the City's net position, $34,562,685 (14.3 percent as of June 30, 2025), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $30,234,426 (12.6 percent as of June 30, 2025), may be used to meet the government's ongoing obligations to citizens and creditors.

Table 2 highlights the City's revenues and expenses for the year ended June 30, 2025. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method of accounting. Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for sales and services, operating grants and contributions and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

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

	Governmental Activities 2025	Governmental Activities Not Restated 2024	**Business-Type Activities 2025**	Business-Type Activities Not Restated 2024	**Total 2025**	Total Not Restated 2024
Revenues:						
Program revenues:						
Charges for service	**$ 2,717,124**	$ 2,638,252	**$ 13,451,513**	$ 13,233,119	**$ 16,168,637**	$ 15,871,371
Operating grants and contributions	**5,345,262**	6,480,315	**-**	-	**5,345,262**	6,480,315
Capital grants and contributions	**852,503**	547,668	**2,791,262**	2,040,137	**3,643,765**	2,587,805
General revenues:						
Property tax	**19,856,469**	17,816,024	**-**	-	**19,856,469**	17,816,024
Hotel/motel tax	**439,400**	399,769	**-**	-	**439,400**	399,769
Utility tax	**441,359**	410,378	**-**	-	**441,359**	410,378
Local option sales tax	**4,780,044**	4,803,524	**-**	-	**4,780,044**	4,803,524
Tax increment financing	**11,132,003**	9,567,099	**-**	-	**11,132,003**	9,567,099
Other taxes	**409,127**	213,030	**-**	-	**409,127**	213,030
Revenue in lieu of taxes	**241,362**	433,387	**-**	-	**241,362**	433,387
Unrestricted investment income	**2,893,045**	2,772,594	**596,828**	632,300	**3,489,873**	3,404,894
Other	**98,981**	401,637	**64,092**	54,344	**163,073**	455,981
Total revenues	**49,206,679**	46,483,677	**16,903,695**	15,959,900	**66,110,374**	62,443,577
Expenses:						
Public safety	**13,403,796**	12,694,446	**-**	-	**13,403,796**	12,694,446
Public works	**8,916,976**	9,231,525	**-**	-	**8,916,976**	9,231,525
Health and social services	**35,600**	34,250	**-**	-	**35,600**	34,250
Culture and recreation	**5,304,480**	5,133,330	**-**	-	**5,304,480**	5,133,330
Community development	**2,892,985**	6,178,095	**-**	-	**2,892,985**	6,178,095
General government	**2,441,862**	2,103,725	**-**	-	**2,441,862**	2,103,725
Interest	**4,062,944**	3,819,422	**-**	-	**4,062,944**	3,819,422
Water	**-**	-	**6,792,968**	6,557,774	**6,792,968**	6,557,774
Sewer	**-**	-	**4,564,158**	4,134,657	**4,564,158**	4,134,657
Storm water	**-**	-	**808,397**	1,072,074	**808,397**	1,072,074
Total expenses	**37,058,643**	39,194,793	**12,165,523**	11,764,505	**49,224,166**	50,959,298
Excess (deficiency) before transfers	**12,148,036**	7,288,884	**4,738,172**	4,195,395	**16,886,208**	11,484,279
Transfers	**149,241**	149,490	**(149,241)**	(149,490)	**-**	-
Change in net position	**12,297,277**	7,438,374	**4,588,931**	4,045,905	**16,886,208**	11,484,279
Net position, beginning, as restated	**138,005,183**	130,633,812	**86,195,367**	82,153,032	**224,200,550**	212,786,844
Net position, ending	**$ 150,302,460**	$ 138,072,186	**$ 90,784,298**	$ 86,198,937	**$ 241,086,758**	$ 224,271,123

The City's total net position increased $16,886,208 during the year ended June 30, 2025. The governmental activities net position increased $12,297,277. The governmental activities' revenues increased due to increases in property taxes ($2,040,445) and tax increment financing ($1,564,904) due to an increase in assessed value of 7% and an increase in tax rate from 10.8551 to 11.4379.

The total business-type activities' net position increased by $4,588,931 due to capital grants and developer contributions totaling $2,791,262 and operating revenues being sufficient to cover operating expenses including depreciation.

Total governmental activities expenses decreased $2,136,150. Community development expenditures decreased $3,285,110 due to noncapitalized community development projects in 2024.

Table 3 below discloses cost of services for governmental activities.

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

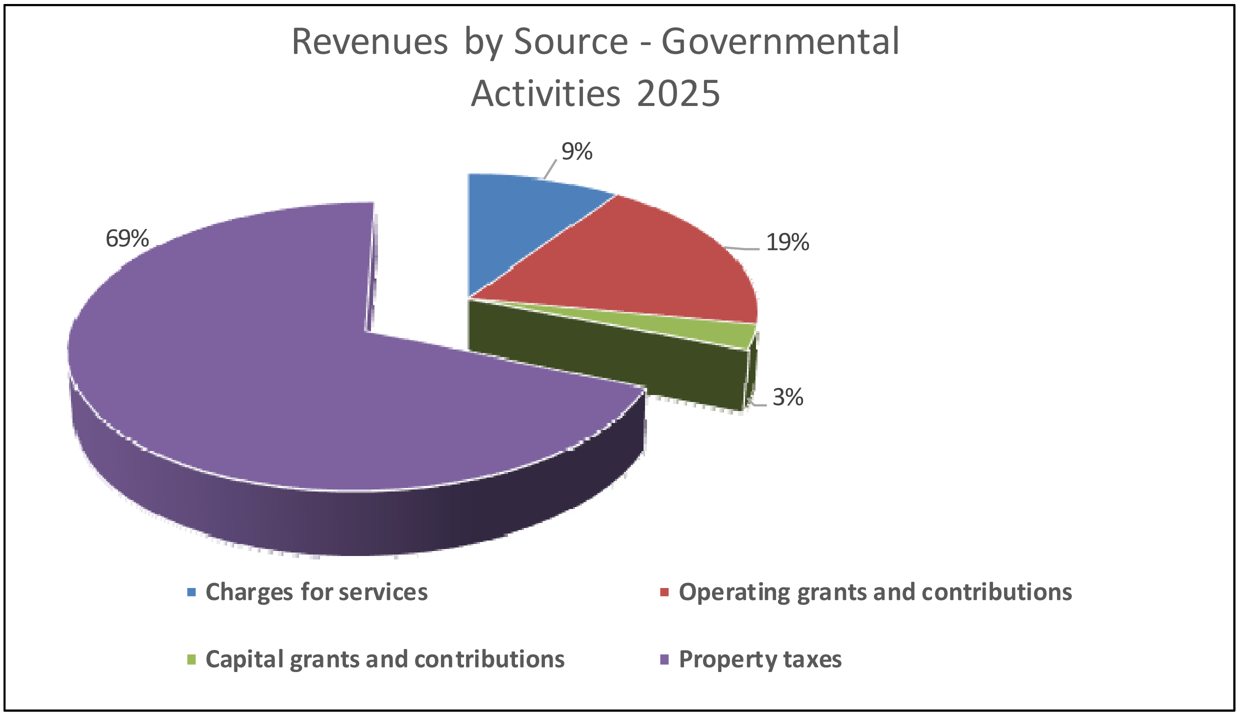
Table 3 - Governmental Activities

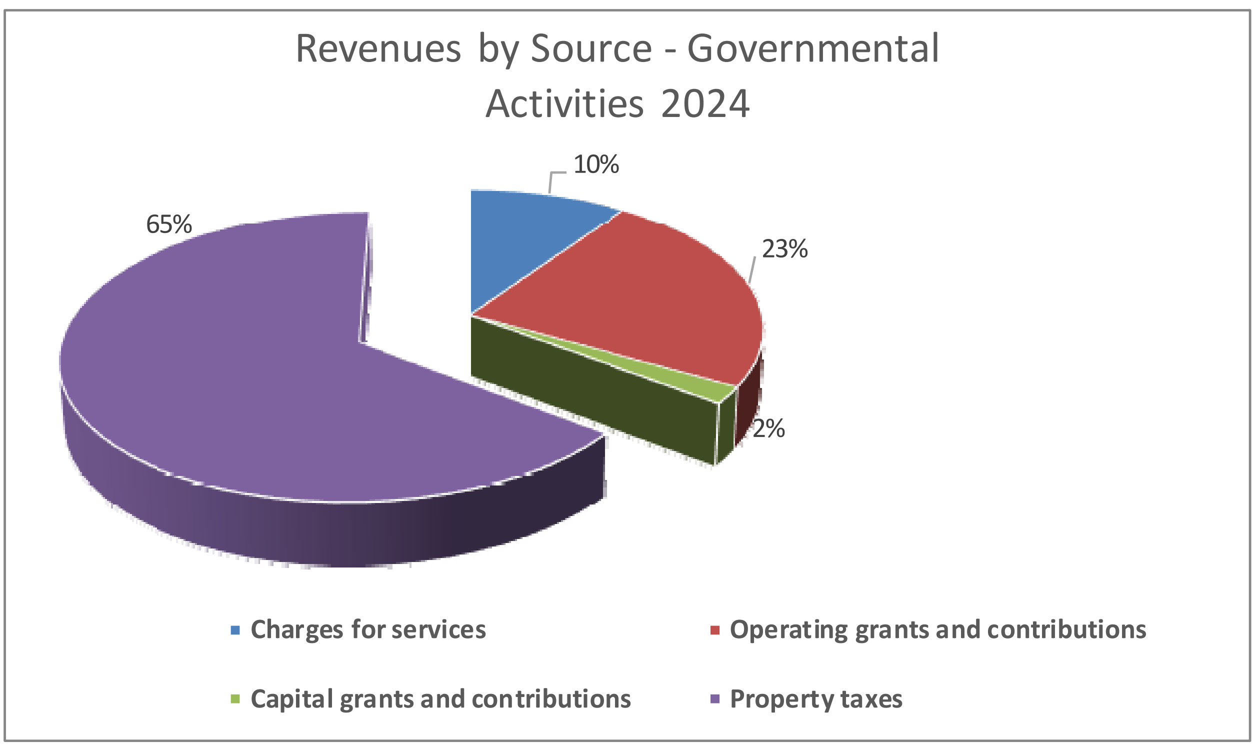
Programs	**Total Cost of Services 2025**	Total Cost of Services Not Restated 2024	**Net Cost of Services 2025**	Net Cost of Services Not Restated 2024
Public safety	**$ 13,403,796**	$ 12,694,446	**$ 12,288,038**	$ 11,159,354
Public works	**8,916,976**	9,231,525	**3,329,935**	3,401,317
Health and social services	**35,600**	34,250	**35,600**	34,250
Culture and recreation	**5,304,480**	5,133,330	**5,149,931**	4,765,678
Community development	**2,892,985**	6,178,095	**2,841,408**	6,139,962
General government	**2,441,862**	2,103,725	**435,898**	208,575
Interest on long-term debt	**4,062,944**	3,819,422	**4,062,944**	3,819,422
Total	**$ 37,058,643**	$ 39,194,793	**$ 28,143,754**	$ 29,528,558

Net cost of services is 76.0% of total cost of services for the year ended June 30, 2025 and 75.3% for the year ended June 30, 2024. As expected, this reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

Governmental Activities

The graphs below show the percentage of the total governmental activities program and property tax revenues allocated by each significant revenue type for 2025 and 2024.



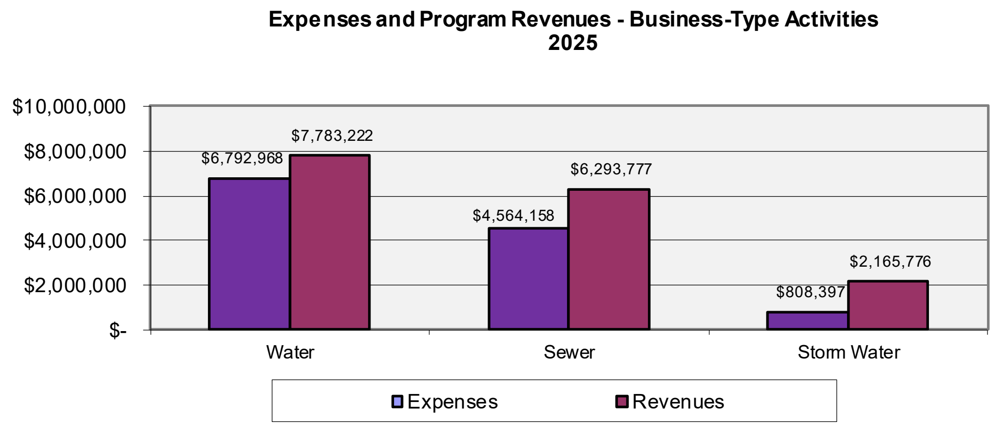


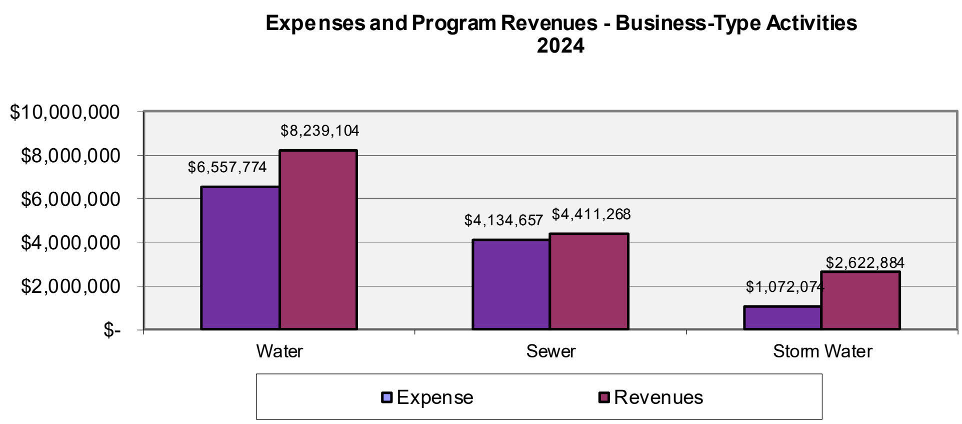
City of Johnston, Iowa

Management's Discussion and Analysis
Year Ended June 30, 2025

Business-type activities: For the year ended June 30, 2025, the business-type activities increased the City's net position by $4,588,931.

Total business-type activities revenue for the fiscal year ended June 30, 2025 was $16,903,695. All but $660,920 of this revenue was generated for specific business-type activity expenses. The graph below shows a comparison between the business-type activity expenditures and program revenues for 2025 and 2024.





Financial Analysis of the City's Funds

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

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

As of June 30, 2025, the City's governmental funds reported combined ending fund balances of $73,765,676 an increase of $20,008,316 from June 30, 2024. The City's unassigned fund balance was $12,987,401 as of June 30, 2025 compared to $10,075,254 as of June 30, 2024. The remainder of the fund balance is either nonspendable, restricted, committed or assigned to indicate it is 1) not in spendable form- $1,812,493, 2) legally required to be maintained intact or restricted for particular purposes or by third parties - $58,965,782 or 3) committed for particular purposes - $0.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $12,987,401 while total fund balance increased by $2,949,705. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Unassigned fund balance represents approximately 64.3 percent while total fund balance represents approximately 66.5 percent of General Fund expenditures.

The General Fund's largest revenue source is taxes, which consists of property taxes and other taxes. These sources contribute approximately 78.8% of revenue used to fund the general purposes of the City, including police, streets, fire, library, community development, and parks. These revenue sources have a direct correlation with the health of the economy. Another 8.4% of the City's General Fund revenues were derived from charges for service.

The Urban Renewal Tax Increment Financing Fund accounts for tax increment financing revenues and uses. Fund balance increased $1,308,420 from $11,519,705 in 2024 to $12,828,125 in 2025.

The Local Option Sales Tax Fund accounts for local option sales tax revenues and uses. Fund balance increased $973,120 from $4,765,003 in 2024 to $5,738,123 in 2025. This increase is due to generating $4,780,044 in local option sales taxes and transferring $3,954,126 for projects in the current year.

The Debt Service Fund fund balance increased $492,143 from $2,020,404 in 2024 to $2,512,547 in 2025. The Debt Service Fund continues to service debt as it becomes due.

The Capital Projects Fund fund balance increased $13,859,881 from $16,401,938 in 2024 to $30,261,819 in 2025. The increase is primarily due to the issuance of long term debt in the current year.

Proprietary funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. The Water Fund net position increased $1,293,813 from restated $32,409,196 in 2024 to $33,703,009 in 2025. The Sewer Fund net position increased $1,888,616 from restated $33,923,725 in 2024 to $35,812,341 in 2025. The Storm Water Fund net position increased $1,385,132 from $19,758,740 in 2024 to $21,143,872 in 2025. In all three of the Enterprise Funds, operating revenue was sufficient to cover operating expenditures including depreciation.

Budgetary Highlights

The City annually adopts a budget on the cash basis.

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

During the year, two budget amendments increased budgeted expenditures by $4,962,397.

Capital Asset and Debt Administration

Capital assets - The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025 totals $319,209,620 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, improvements other than buildings, equipment and vehicles and infrastructure. Major capital projects were the Lew Clarkson softball improvement and Crown Point addition and renovation, little beaver creek sanitary sewer extension and NW 100th reconstruction.

City of Johnston's Capital Assets Net of Depreciation

	Governmental Activities		Business-Type		Total	
	2025	2024	**2025**	2024	**2025**	2024
Land	**$ 14,324,467**	$ 14,304,467	**$ 668,949**	$ 668,949	**$ 14,993,416**	$ 14,973,416
Construction-in-progress	**4,791,416**	7,169,166	**5,721,639**	11,241,344	**10,513,055**	18,410,510
Buildings	**34,000,768**	29,217,732	**1,574,113**	1,636,015	**35,574,881**	30,853,747
Improvements other than buildings	**15,195,219**	15,181,411	**-**	-	**15,195,219**	15,181,411
Equipment and vehicles	**5,034,763**	6,249,742	**622,684**	499,148	**5,657,447**	6,748,890
Infrastructure	**145,253,372**	141,084,010	**91,628,791**	81,743,678	**236,882,163**	222,827,688
Right to use IT subscription	**393,439**	456,844	**-**	-	**393,439**	456,844
Total	**$ 218,993,444**	$ 213,663,372	**$ 100,216,176**	$ 95,789,134	**$ 319,209,620**	$ 309,452,506

Additional information on the City's capital assets can be found in Note 3 of this report.

Debt - As of June 30, 2025, the City had general obligation bonds and revenue bonds payable totaling $169,447,502 compared to $154,907,408 as of June 30, 2024. For the year ended June 30, 2025, the City paid $12,744,934 in principal and $5,135,703 in interest.

City of Johnston's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	**2025**	2024	**2025**	2024
General obligation bonds	**$ 142,037,593**	$ 129,269,081	**$ 2,290,114**	$ 2,641,850	**$ 144,327,707**	$ 131,910,931
Revenue bonds	**-**	-	**24,769,076**	22,596,707	**24,769,076**	22,596,707
IT subscription liability	**350,719**	399,770	**-**	-	**350,719**	399,770
Total	**$ 142,388,312**	$ 129,668,851	**$ 27,059,190**	$ 25,238,557	**$ 169,447,502**	$ 154,907,408

Additional information about the City's long-term debt can be found in Note 4 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Polk County for June 2025 was 4.9% compared to 3.7% for the State of Iowa and 8.1% nationally.
- The General Fund is significantly funded by property taxes. Therefore, the City continues to encourage new development that support these revenue sources.
- Total budgeted expenditures and transfers out for the fiscal year 2026 is $106,920,531.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Sarah Swisher, Finance Director, 6221 Merle Hay Road, P.O. Box 410, Johnston, Iowa, 50131-0410.

City of Johnston, Iowa

Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets:			
Current assets:			
Cash and investments	$ 74,934,585	$ 16,473,153	$ 91,407,738
Receivables:			
Property tax:			
Delinquent	52,229	-	52,229
Succeeding year	21,092,790	-	21,092,790
Tax increment financing:			
Delinquent	113,817	-	113,817
Succeeding year	11,637,694	-	11,637,694
Customer accounts and unbilled usage	-	1,579,932	1,579,932
Other	592,618	-	592,618
Special assessments	707,894	-	707,894
Internal balances	(238,532)	238,532	-
Due from other governments	921,907	1,000,560	1,922,467
Asset held for sale	1,381,188	-	1,381,188
Inventories	-	571,710	571,710
Prepaid expenses	431,305	59,238	490,543
Total current assets	111,627,495	19,923,125	131,550,620
Noncurrent assets:			
Capital assets:			
Nondepreciable, land and construction in progress	19,115,883	6,390,588	25,506,471
Capital assets being depreciated, net	199,877,561	93,825,588	293,703,149
Total noncurrent assets	218,993,444	100,216,176	319,209,620
Total assets	330,620,939	120,139,301	450,760,240
Deferred Outflows of Resources			
Pension related deferred outflows	2,180,030	213,649	2,393,679
OPEB related deferred outflows	315,186	67,472	382,658
Total deferred outflow of resources	2,495,216	281,121	2,776,337

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	$ 2,399,549	$ 1,345,520	$ 3,745,069
Accrued interest payable	383,583	39,945	423,528
Salaries and benefits payable	440,801	43,708	484,509
Customer deposits	-	8,480	8,480
Unearned revenue	-	870	870
Compensated absences	1,185,934	89,720	1,275,654
General obligation bonds	10,774,040	488,890	11,262,930
Revenue bonds and notes	-	1,586,862	1,586,862
IT subscription liability	140,080	-	140,080
Total OPEB liability	29,465	8,663	38,128
Total current liabilities	15,353,452	3,612,658	18,966,110
Noncurrent liabilities:			
Compensated absences	169,380	12,818	182,198
General obligation bonds, net	131,263,553	1,801,224	133,064,777
Revenue bonds and notes	-	23,182,214	23,182,214
IT subscription liability	210,639	-	210,639
Total OPEB liability	1,658,516	300,082	1,958,598
Net pension liability	153,742	543,301	697,043
Total noncurrent liabilities	133,455,830	25,839,639	159,295,469
Total liabilities	148,809,282	29,452,297	178,261,579
Deferred inflows of resources:			
Succeeding year property tax	21,092,790	-	21,092,790
Tax increment financing	11,637,694	-	11,637,694
Pension related deferred inflows	405,750	345	406,095
OPEB related deferred inflows	868,179	183,482	1,051,661
Total deferred inflows of resources	34,004,413	183,827	34,188,240
Net Position:			
Net investment in capital assets	103,132,661	73,156,986	176,289,647
Restricted:			
Debt service	3,185,842	-	3,185,842
Capital projects	3,804,239	-	3,804,239
Roads	7,183,282	-	7,183,282
Public safety	49,914	-	49,914
Culture and recreation	218,188	-	218,188
Community development	19,170,715	-	19,170,715
Employee benefits	950,505	-	950,505
Unrestricted	12,607,114	17,627,312	30,234,426
Total net position	$ 150,302,460	$ 90,784,298	$ 241,086,758

City of Johnston, Iowa

Statement of Activities
Year Ended June 30, 2025

Functions/Programs:	Expenses	Program Revenues: Charges for Sales and Services	Program Revenues: Operating Grants and Contributions
Governmental activities:			
Public safety	$ 13,403,796	$ 901,108	$ 214,650
Public works	8,916,976	1,327,910	3,406,628
Health and social services	35,600	-	-
Culture and recreation	5,304,480	68,860	85,689
Community development	2,892,985	37,369	14,208
General government	2,441,862	381,877	1,624,087
Interest and fiscal charges on long-term debt	4,062,944	-	-
Total governmental activities	37,058,643	2,717,124	5,345,262
Business-type activities:			
Water	6,792,968	7,432,272	-
Sewer	4,564,158	4,734,127	-
Storm water	808,397	1,285,114	-
Total business-type activities	12,165,523	13,451,513	-
Total	$ 49,224,166	$ 16,168,637	$ 5,345,262

General Revenues and Transfers
General Revenue:
Taxes:
Property taxes:
General purpose
Debt service
Hotel/motel tax
Utility tax
Local option sales tax
Tax increment financing
Other taxes
Revenue in lieu of tax
Special assessments
Unrestricted investment earnings
Gain on the sale of capital assets
Transfers
Total general revenues and transfers

Changes in net position

Net position, beginning of year, as restated
Net position, end of year

See Notes to Basic Financial Statements.

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
$ -	$ (12,288,038)	$ -	$ (12,288,038)
852,503	(3,329,935)	-	(3,329,935)
-	(35,600)	-	(35,600)
-	(5,149,931)	-	(5,149,931)
-	(2,841,408)	-	(2,841,408)
-	(435,898)	-	(435,898)
-	(4,062,944)	-	(4,062,944)
852,503	(28,143,754)	-	(28,143,754)
350,950	-	990,254	990,254
1,559,650	-	1,729,619	1,729,619
880,662	-	1,357,379	1,357,379
2,791,262	-	4,077,252	4,077,252
$ 3,643,765	(28,143,754)	4,077,252	(24,066,502)
	14,417,897	-	14,417,897
	5,438,572	-	5,438,572
	439,400	-	439,400
	441,359	-	441,359
	4,780,044	-	4,780,044
	11,132,003	-	11,132,003
	409,127	-	409,127
	241,362		
	98,981	-	98,981
	2,893,045	596,828	3,489,873
	-	64,092	64,092
	149,241	(149,241)	-
	40,441,031	511,679	40,711,348
	12,297,277	4,588,931	16,886,208
	138,005,183	86,195,367	224,200,550
	$ 150,302,460	$ 90,784,298	$ 241,086,758

City of Johnston, Iowa

Balance Sheet
Governmental Funds
June 30, 2025

Assets	General	Special Revenue Urban Renewal Tax Increment Financing
Cash and investments	$ 13,057,270	$ 11,344,010
Receivables, net of allowance:		
Property tax:		
Delinquent	27,132	-
Succeeding year	14,220,086	-
Tax increment financing:		
Delinquent	-	113,817
Succeeding year	-	11,637,694
Accounts	494,262	-
Special assessments	-	-
Due from other governments	125,369	-
Asset held for sale	-	1,381,188
Prepaid items	431,305	-
Total assets	$ 28,355,424	$ 24,476,709
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	$ 321,534	$ 10,890
Salaries and benefits payable	395,098	-
Due to other funds	-	-
Total liabilities	716,632	10,890
Deferred inflows of resources, unavailable revenue:		
Unavailable revenue, property taxes	14,220,086	-
Unavailable revenue, tax increment financing	-	11,637,694
Unavailable revenue, other	-	-
Total deferred inflows of resources	14,220,086	11,637,694
Fund balances:		
Nonspendable	431,305	1,381,188
Restricted	-	11,446,937
Unassigned	12,987,401	-
Total fund balances	13,418,706	12,828,125
Total liabilities, deferred inflows of resources and fund balances	$ 28,355,424	$ 24,476,709

See Notes to Basic Financial Statements.

Special Revenue Local Option Sales Tax		Debt Service		Capital Projects		Nonmajor Governmental Funds		Total
$ 5,246,000	$	2,550,980	$	32,121,071	$	8,848,724	$	73,168,055
-		23,270		-		1,827		52,229
-		5,764,315		-		1,108,389		21,092,790
-		-		-		-		113,817
-		-		-		-		11,637,694
-		-		11,474		49,151		554,887
-		675,445		32,449		-		707,894
492,123		29		37,500		266,886		921,907
-		-		-		-		1,381,188
-		-		-		-		431,305
$ 5,738,123	$	9,014,039	$	32,202,494	$	10,274,977	$	110,061,766
$ -	$	-	$	1,821,152	$	114,529	$	2,268,105
-		-		-		45,703		440,801
-		63,882		49,574		-		113,456
-		63,882		1,870,726		160,232		2,822,362
-		5,764,315		-		1,108,389		21,092,790
-		-		-		-		11,637,694
-		673,295		69,949		-		743,244
-		6,437,610		69,949		1,108,389		33,473,728
-		-		-		-		1,812,493
5,738,123		2,512,547		30,261,819		9,006,356		58,965,782
-		-		-		-		12,987,401
5,738,123		2,512,547		30,261,819		9,006,356		73,765,676
$ 5,738,123	$	9,014,039	$	32,202,494	$	10,274,977	$	110,061,766

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City of Johnston, Iowa

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2025

Total governmental fund balances		$ 73,765,676
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		218,993,444
Certain revenues are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds		743,244
The Internal Service Funds are used by management to charge the costs of certain activities, including the self funding of the City's health insurance benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position:		
Internal services funds net position	1,672,817	
Internal service funds allocated to business-type activities	(125,076)	1,547,741
Pension and OPEB related deferred outflows of resources and deferred inflows of resources represent a consumption or acquisition of net position in a future period and, therefore, are not reported in the governmental funds, as follows:		
Pension related deferred inflows	(405,750)	
Pension related deferred outflows	2,180,030	
OPEB related deferred inflows	(868,179)	
OPEB related deferred outflows	315,186	1,221,287
Long-term liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported in the funds:		
Bonds and notes payable, net of premiums and discounts	(142,037,593)	
Accrued interest payable	(383,583)	
IT subscription liability	(350,719)	
Compensated absences	(1,355,314)	
Total OPEB liability	(1,687,981)	
Net pension liability	(153,742)	(145,968,932)
Net position of governmental activities		$ 150,302,460

See Notes to Basic Financial Statements.

City of Johnston, Iowa

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

	General	Special Revenue: Urban Renewal Tax Increment Financing
Revenues:		
Property tax	$ 13,509,053	$ -
Tax increment financing	-	11,132,003
Other city tax	1,179,598	-
Licenses and permits	726,959	-
Use of money and property	853,799	462,502
Intergovernmental	580,269	4,208
Charges for service	1,565,211	-
Special assessments	-	-
Miscellaneous	216,294	-
Total revenues	18,631,183	11,598,713
Expenditures:		
Current:		
Public safety	11,390,853	-
Public works	1,633,841	-
Health and social services	35,600	-
Culture and recreation	4,119,890	-
Community development	858,395	1,222,895
General government	2,143,156	-
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
Capital outlay	-	-
Total expenditures	20,181,735	1,222,895
Revenues over (under) expenditures	(1,550,552)	10,375,818
Other financing sources (uses):		
Transfers in	2,542,207	-
Transfers out	(205,912)	(9,067,398)
Proceeds from sale of capital assets	100,678	-
Issuance of IT subscription	152,079	-
Issuance of long term debt	1,825,001	-
Premium on issuance of long term debt	86,204	-
Total other financing sources (uses)	4,500,257	(9,067,398)
Net change in fund balances	2,949,705	1,308,420
Fund balances, beginning of year	10,469,001	11,519,705
Fund balances, ending of year	$ 13,418,706	$ 12,828,125

See Notes to Basic Financial Statements.

Special Revenue				
Local Option Sales Tax	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
$ -	$ 5,438,572	$ -	$ 908,844	$ 19,856,469
-	-	-	-	11,132,003
4,780,044	103,382	-	21,333	6,084,357
-	-	-	-	726,959
147,202	279,924	758,109	326,259	2,827,795
-	87,203	2,103,767	3,472,879	6,248,326
-	-	-	-	1,565,211
-	47,926	92,555	-	140,481
-	-	153,190	60,470	429,954
4,927,246	5,957,007	3,107,621	4,789,785	49,011,555
-	-	-	922,184	12,313,037
-	-	-	2,554,375	4,188,216
-	-	-	-	35,600
-	-	-	275,098	4,394,988
-	-	-	100,696	2,181,986
-	-	-	35,511	2,178,667
-	10,974,860	-	-	10,974,860
-	4,398,467	348,119	-	4,746,586
-	-	12,669,439	-	12,669,439
-	15,373,327	13,017,558	3,887,864	53,683,379
4,927,246	(9,416,320)	(9,909,937)	901,921	(4,671,824)
-	9,908,463	1,402,881	37,000	13,890,551
(3,954,126)	-	-	(513,874)	(13,741,310)
-	-	6,125	-	106,803
-	-	-	-	152,079
-	-	21,464,999	-	23,290,000
-	-	895,813	-	982,017
(3,954,126)	9,908,463	23,769,818	(476,874)	24,680,140
973,120	492,143	13,859,881	425,047	20,008,316
4,765,003	2,020,404	16,401,938	8,581,309	53,757,360
$ 5,738,123	$ 2,512,547	$ 30,261,819	$ 9,006,356	$ 73,765,676

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City of Johnston, Iowa

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2025

Net change in fund balances - governmental funds		$ 20,008,316
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year as follows:		
Capital outlay	12,678,028	
Developer contributions	852,503	
Depreciation expense	(6,750,401)	6,780,130
The net effect of various miscellaneous transactions involving capital assets (i.e.) sales, trade-ins, donations, and disposals to (decrease) net position:		
Proceeds from the sale of capital assets	(106,803)	
Loss on disposal of capital assets	(1,343,255)	(1,450,058)
Change in revenue amounts in the statement of activities that do not provide current financial resources is not reported as revenue in the governmental funds:		
Operating grants	(681,129)	
Special assessments	(41,500)	(722,629)
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		10,974,860
Some change in expense amounts reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:		
Issuance of IT subscription liability	(152,079)	
Issuance of long-term debt	(23,290,000)	
Premium on issuance of long-term debt	(982,017)	
Compensated absences	50,266	
Accrued interest on long-term debt	(46,133)	
Bond premium amortization	729,775	
Other post-employment benefits	(198,460)	
Pension expense	745,262	(23,143,386)
The Internal Service Funds are used by management to charge the costs of certain activities, including the self funding of the City's health insurance benefits to individual funds. A portion of the change in net position of the Internal Service Funds is reported with governmental activities.		(149,956)
Change in net position of governmental activities		$ 12,297,277

See Notes to Basic Financial Statements.

City of Johnston, Iowa

Statement of Net Position
Proprietary Funds
June 30, 2025

	Enterprise	
Assets	Water	Sewer
Current assets:		
Cash and investments	$ 9,385,868	$ 5,388,765
Receivables, customer accounts and unbilled usage	869,547	560,202
Receivables, other	-	-
Due from other funds	47,392	63,882
Due from other governments	10	1,000,550
Inventories	375,178	196,532
Prepaid expenses	29,584	29,654
Total current assets	10,707,579	7,239,585
Noncurrent assets:		
Capital assets:		
Nondepreciable, land and construction in progress	1,252,398	4,350,402
Capital assets being depreciated, net	29,667,480	36,377,809
Total noncurrent assets	30,919,878	40,728,211
Total assets	41,627,457	47,967,796
Deferred Outflows of Resources		
Pension related deferred outflows	105,974	107,675
OPEB related deferred outflows	33,761	33,711
Total deferred outflows of resources	139,735	141,386
Liabilities and Net Position		
Current liabilities:		
Accounts, claims and contracts payable	623,197	651,079
Accrued interest payable	10,399	15,719
Salaries and benefits payable	21,883	21,825
Due to other funds	-	47,392
Customer deposits	8,480	-
Compensated absences	44,860	44,860
General obligation bonds	50,000	58,890
Revenue bonds and notes	677,604	459,871
OPEB liability	4,297	4,366
Unearned revenue	870	-
Total current liabilities	1,441,590	1,304,002
Noncurrent liabilities:		
General obligation bonds, net	217,021	296,080
Revenue bonds and notes	5,887,833	10,174,470
Compensated absences	6,409	6,409
OPEB liability	150,098	149,984
Net pension liability	269,498	273,803
Total noncurrent liabilities	6,530,859	10,900,746
Total liabilities	7,972,449	12,204,748
Deferred Inflows of Resources		
OPEB related deferred inflows	91,563	91,919
Pension related deferred inflows	171	174
Total deferred inflows of resources	91,734	92,093
Net Position:		
Net investment in capital assets	24,087,420	29,738,900
Unrestricted	9,615,589	6,073,441
Total net position	$ 33,703,009	$ 35,812,341

Amounts reported for business-type activities in the Statement of Net Position are different because:
Certain internal service fund assets and liabilities are included with business-type activities
Net position of business type activities

See Notes to Basic Financial Statements.

Storm Water	Total Enterprise	Internal Service Health Insurance
$ 1,698,520	$ 16,473,153	$ 1,766,530
150,183	1,579,932	-
-	-	37,731
49,574	160,848	-
-	1,000,560	-
-	571,710	-
-	59,238	-
1,898,277	19,845,441	1,804,261
787,788	6,390,588	-
27,780,299	93,825,588	-
28,568,087	100,216,176	-
30,466,364	120,061,617	1,804,261
-	213,649	-
-	67,472	-
-	281,121	-
71,244	1,345,520	131,444
13,827	39,945	-
-	43,708	-
-	47,392	-
-	8,480	-
-	89,720	-
380,000	488,890	-
449,387	1,586,862	-
-	8,663	-
-	870	-
914,458	3,660,050	131,444
1,288,123	1,801,224	-
7,119,911	23,182,214	-
-	12,818	-
-	300,082	-
-	543,301	-
8,408,034	25,839,639	-
9,322,492	29,499,689	131,444
-	183,482	-
-	345	-
-	183,827	-
19,330,666	73,156,986	-
1,813,206	17,502,236	1,672,817
$ 21,143,872	$ 90,659,222	$ 1,672,817
	125,076	
	$ 90,784,298	

City of Johnston, Iowa

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2025

	Enterprise	
	Water	Sewer
Operating revenues:		
Charges for service	$ 7,355,683	$ 4,678,340
Miscellaneous	54,837	13,417
Service connection fees	21,752	42,370
Total operating revenues	7,432,272	4,734,127
Operating expenses:		
Health insurance claims and expenses	-	-
Salaries and benefits	1,034,598	1,054,445
Cost of sales and services	4,824,777	2,406,158
Depreciation	831,411	964,550
Total operating expenses	6,690,786	4,425,153
Operating income (loss)	741,486	308,974
Nonoperating revenues (expenses):		
Intergovernmental	-	1,000,000
Interest income	339,094	220,148
Interest expense	(112,867)	(149,690)
Gain on sale of capital assets	44,854	19,238
Net nonoperating revenues (expenses)	271,081	1,089,696
Income before transfers and capital contributions	1,012,567	1,398,670
Capital contributions and transfers:		
Transfers out	(69,704)	(69,704)
Capital contributions	350,950	559,650
Total capital contributions and transfers	281,246	489,946
Change in net position	1,293,813	1,888,616
Total net position, beginning of year, as restated	32,409,196	33,923,725
Total net position, end of year	$ 33,703,009	$ 35,812,341

Amounts reported for business-type activites on the Statement of Activities are different because:
The portion of net income of internal service funds are reported with the business-type activities which these funds service.
Change in net position of business-type activities

See Notes to Basic Financial Statements.

		Internal Service
Storm Water	Total Enterprise Funds	Health Insurance
$ 1,285,114	$ 13,319,137	$ 2,050,224
-	68,254	-
-	64,122	-
1,285,114	13,451,513	2,050,224
-	-	2,244,060
-	2,089,043	-
115,606	7,346,541	-
566,231	2,362,192	-
681,837	11,797,776	2,244,060
603,277	1,653,737	(193,836)
-	1,000,000	-
37,586	596,828	65,250
(126,560)	(389,117)	-
-	64,092	-
(88,974)	1,271,803	65,250
514,303	2,925,540	(128,586)
(9,833)	(149,241)	-
880,662	1,791,262	-
870,829	1,642,021	-
1,385,132	4,567,561	(128,586)
19,758,740	86,091,661	1,801,403
$ 21,143,872	$ 90,659,222	$ 1,672,817
	21,370	
	$ 4,588,931	

City of Johnston, Iowa

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2025

	Enterprise	
	Water	Sewer
Cash flows from operating activities:		
Cash received from customers, users, and employees	$ 7,483,132	$ 4,692,575
Cash received from other revenues	54,837	13,417
Cash paid for personal services	(995,038)	(1,012,358)
Cash paid to suppliers	(5,169,157)	(2,214,406)
Net cash provided by (used in) operating activities	1,373,774	1,479,228
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(811,713)	(3,919,422)
Proceeds from sale of capital assets	44,854	19,238
Bond and note proceeds	680,028	2,496,074
Prinicipal paid on revenue bonds and notes	(403,000)	(491,000)
Prinicipal paid on general obligation bonds	(50,000)	(54,270)
Interest paid on bonds and notes	(114,745)	(163,129)
Net cash (used in) capital and related financing activities	(654,576)	(2,112,509)
Cash flows from noncapital financing activities,		
Payments made to other funds	(69,704)	(69,704)
Net cash (used in) noncapital and related financing activities	(69,704)	(69,704)
Cash flows from investing activities, interest on investments	339,094	220,148
Increase (decrease) in cash and cash equivalents	988,588	(482,837)
Cash and cash equivalents, beginning of year	8,397,280	5,871,602
Cash and cash equivalents, end of year	$ 9,385,868	$ 5,388,765

(Continued)

	Total	Internal Service
Storm Water	Enterprise Funds	Health Insurance
$ 1,281,580	$ 13,457,287	$ 2,012,493
-	68,254	-
-	(2,007,396)	-
(376,103)	(7,759,666)	(2,244,413)
905,477	3,758,479	(231,920)
(266,837)	(4,997,972)	-
-	64,092	-
472,071	3,648,173	-
(416,804)	(1,310,804)	-
(355,000)	(459,270)	-
(166,272)	(444,146)	-
(732,842)	(3,499,927)	-
(9,833)	(149,241)	-
(9,833)	(149,241)	-
37,586	596,828	65,250
200,388	706,139	(166,670)
1,498,132	15,767,014	1,933,200
$ 1,698,520	$ 16,473,153	$ 1,766,530

City of Johnston, Iowa

Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2025

	Enterprise	
	Water	Sewer
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income (loss)	$ 741,486	$ 308,974
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	831,411	964,550
Customer accounts and unbilled usage and other accounts receivable	97,217	(28,135)
Prepaid expenses and inventories	(13,366)	38,876
Accounts, claims and contracts payable	(331,014)	152,876
Salaries and benefits payable	63	62
Customer deposits	8,480	-
Compensated absences	5,144	5,144
Other postemployment benefits	28,942	29,404
Net pension liability	5,411	7,477
Net cash provided by (used in) operating activities	$ 1,373,774	$ 1,479,228
Schedule of noncash items:		
Capital and related financing activities:		
Developer contributions of capital assets	$ 350,950	$ 559,650

See Notes to Basic Financial Statements.

	Storm Water	Total Enterprise Funds	Internal Service Health Insurance
	$ 603,277	$ 1,653,737	$ (193,836)
	566,231	2,362,192	-
	(3,534)	65,548	(37,731)
	-	25,510	-
	(260,497)	(438,635)	(353)
	-	125	-
	-	8,480	-
	-	10,288	-
	-	58,346	-
	-	12,888	-
	$ 905,477	$ 3,758,479	$ (231,920)
	$ 880,662	$ 1,791,262	$ -

City of Johnston, Iowa

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Custodial
Assets	
Current assets:	
Cash and pooled investments	$ 4,408,535
Accounts receivable	795,103
Due from other governments	27,579
Prepaid expenses	92,027
Total current assets	5,323,244
Noncurrent assets:	
Capital assets being depreciated, net	3,536,434
Total assets	8,859,678
Liabilities	
Accounts payable	59,155
Salaries and benefits payable	184,177
Due to other governments	4,453
Total liabilities	247,785
Deferred inflows of resources, other	4,663
Net position	
Restricted	8,607,680
Unrestricted	(450)
Total net position	$ 8,607,230

See Notes to Basic Financial Statements.

City of Johnston, Iowa

Statement of Revenues, Expenses and Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2025

	Custodial
Additions	
Charges for service	$ 2,119,998
Other	222,059
Intergovernmental	8,910,886
Total additions	11,252,943
Deductions	
Administrative expenses	2,453
Salaries and benefits	5,687,281
Cost of services	1,695,838
Depreciation expense	393,710
Total deductions	7,779,282
Income before capital contributions	3,473,661
Capital contributions	2,031,686
Change in net position	5,505,347
Net position, beginning of the year	3,101,883
Net position, end of the year	$ 8,607,230

See Notes to Basic Financial Statements.

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

Nature of operations:

The City of Johnston (the City) is a political subdivision of the State of Iowa located in Polk County. It was first incorporated in 1969 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City of Johnston provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community development and general government services. It also provides water, sewer and storm water utilities.

The financial statements of the City of Johnston have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described below.

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.

***Jointly governed organization**:* The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Polk County Assessor's Conference Board, the Metro Waste Authority, Polk County Emergency Management Commission, Polk County Joint E911 Service Board, Central Iowa Drinking Water Commission, Des Moines Area Metropolitan Planning Organization, Des Moines Area Regional Transit, Beaver Creek and Walnut Creek Watershed Management Authorities, Greater Des Moines Convention and Visitor's Bureau, Inc., and BRAVO Greater Des Moines, Inc.

The City also participates in the Des Moines Metropolitan Wastewater Reclamation Authority and Central Iowa Water Works (joint ventures). See Note 5 for additional information about these joint ventures.

Government-wide financial statements: The statement of net position and the statement of activities report information on all of the activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

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

Basis of presentation:

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

Separate financial statements are provided for governmental 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:

General Fund: The General Fund is the City's primary operating fund. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, the fixed charges and the capital improvement costs not paid from other funds are paid from the General Fund.

Special Revenue, Urban Renewal Tax Increment Financing Fund: The Urban Renewal Tax Increment Financing Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal districts and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal redevelopment projects.

Special Revenue, Local Option Sales Tax Fund- The Local Option Sales Tax Fund is used to account for revenues from Local Option Sales Tax.

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

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

The City reports the following major enterprise funds:

Enterprise:

Water Fund: To account for the operation and maintenance of the City's water system.

Sewer Fund: To account for the operations of the City's wastewater treatment and sanitary sewer system.

Storm Water Fund: To account for the operation and maintenance of the City's storm water system.

Additionally, the City reports the Health Insurance Fund, an Internal Service Fund to account for self-insured health benefits provided to City employees.

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

Fiduciary Fund Type: Fiduciary funds are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. The City reports custodial funds for balances and transactions pertaining to legally separate entities for which the City controls the asset. The City has two custodial funds the Flexible Spending Fund and the Johnston-Grimes Metropolitan Fire District (JGMFD).

The JGMFD is a unified fire and EMS service serving the communities of Johnston and Grimes, Iowa. The JGMFD is created by a 28E agreement under the Code of Iowa. The City of Johnston, Iowa is the administrative city and provides administrative oversight, payroll, human resources, information technology, and legal support for JGMFD.

Measurement focus and basis of accounting:

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

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

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

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

Property taxes are recognized at the time an enforceable legal claim is established. This is deemed to occur when the budget is certified. The current tax levy was certified March 2025 based on the 2024 assessed valuations. These taxes are due in two installments, on September 1, 2025 and the following March 1, 2026 with a 1.5 percent per month penalty for delinquent payment. Since the 2024 tax levy is budgeted and levied for fiscal year 2025, the revenue is a deferred inflow of resources and is reported as unavailable revenue. Revenue has been recognized for those taxes receivable which represent the prior year’s delinquent taxes and which are expected to be collected within 60 days after year-end.

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

Special assessments receivable are recognized at the time of the levy with the related revenue reported as deferred inflow of resources since it is unavailable revenue. Revenue is recognized in the government-wide financial statements. Interest on special assessments is recognized when collected.

Substantially, all other shared revenue is recognized when received by the tax collecting authority.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due or matured.

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

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

Summary of significant accounting policies:

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

Cash and cash equivalents: The cash balances of most City funds are pooled in interest-bearing cash accounts and invested in certificates of deposit or in the Iowa Public Agency Investment Trust. Interest on the pooled cash accounts and investments is recognized as revenue when earned and recorded in the General Fund and other funds as provided by law. The City's investments in the Iowa Public Agency Investment Trust and certificates of deposit are reported at amortized cost.

For purposes of the statement of cash flows, the pooled cash and investments are highly liquid and are considered to be a cash equivalent.

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Delinquent property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2025 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by April 30 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

Property tax revenues recognized in these funds became due and collectible in September and March of the current fiscal year with a 1.50 percent per month penalty for delinquent payments; are based on January 1, 2023 assessed property valuations; are for the tax accrual period July 1, 2024 through June 30, 2025 and reflect tax asking contained in the budget certified to the County Board of Supervisors in March 2024.

<u>Special assessments receivable</u>: Special assessments receivable represents the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten or more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other tax.

<u>Customer accounts and unbilled usage</u>: Accounts receivable are recorded in the enterprise funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided. Accounts receivable are presented net of an allowance for uncollectibles, if applicable.

<u>Interfund receivables/payables</u>: During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transfers between funds had not been received as of June 30, 2025, balances of interfund amounts receivable or payable have been recorded. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

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

<u>Assets Held for Resale</u>: Properties acquired by the City for economic development are recorded at the lower of cost or market value. Therefore, costs incurred which are not recoverable upon resale and permanent declines in market value are charged to expense/expenditure.

<u>Inventories:</u> Inventories are valued at cost using the first-in-first-out (FIFO) method. Inventories in the enterprise funds consist of materials and supplies and are recorded as expenses when consumed rather than when purchased.

<u>Prepaid items:</u> Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements on the consumption method. The fund balance in the governmental funds relating to prepaid items is reported as nonspendable.

<u>Capital assets</u>: Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 1980 (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the City) are reported in the applicable governmental or business type activities columns in the government-wide statement of net position and in the proprietary funds statement of net position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extending asset lives are not capitalized.

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

Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of three years.

Land, buildings, and improvements	$	5,000
Equipment and vehicles		5,000
Infrastructure		50,000

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

Buildings	10-50 years
Improvements other than buildings	10-50 years
Vehicles	5-15 years
Equipment	3-20 years
Infrastructure	20-50 years

Compensated absences: It is the City's policy to permit employees to accumulate earned by unused vacation and sick leave benefits. Vacation pay is payable to employees upon retirement or termination. A portion of sick leave is payable upon an employee reaching twenty years of service.

A liability is recorded when each of the following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries forward from one reporting period to the next, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The City estimates the compensated absences liability for leave benefits that are more likely than not to be used or otherwise paid or settled based on historical information on employees' use or payment of the benefits provided. The liability is measured using the pay rates in effect at year-end, the measurement date, and includes salary-related payments that are directly and incrementally associated with the leave liability.

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

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

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

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

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

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. The City does not have any leases for the year ending June 30, 2025.

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

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

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

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

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

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

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

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

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

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

Pensions: For government-wide and proprietary funds the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

In the City's government-wide statements, the property tax and tax increment financing revenues remain under the modified accrual basis of accounting and will become an inflow in the year for which the taxes are levied and budgeted for. The City's government-wide and proprietary fund statements of net position also include pension and OPEB related deferred inflows include the unamortized items not yet charged to pension expense and OPEB expense.

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

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

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

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

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

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

Net position: Represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets, excludes unspent bond proceeds. Unspent proceeds were $28,348,681 for the governmental activities. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net position restricted through enabling legislation consists of $3,185,842 for debt service, $7,183,282 for roads, $49,914 for public safety, $218,188 for culture and recreation, $19,170,715 for community development, $3,804,239 for capital projects and $950,505 for employee benefits.

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

Budgetary and legal appropriation and amendment policies: The City Council annually adopts a budget on or before April 30 of each year, which becomes effective July 1 and constitutes the City's appropriation for each program and purpose specified therein until amended. City budgets may be amended for specified purposes and budget amendments must be prepared and adopted in the same manner as the original budgets. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the program level. Appropriations, as adopted and amended, lapse at the end of the fiscal year. The City adopts its annual program budget which includes all funds on a cash basis.

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

Note 2. Deposits and Investments

Authorized deposits and investments: The City is authorized by state statute to invest public funds in interest bearing savings accounts, interest bearing money market accounts, interest bearing checking accounts, obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured Iowa depository institutions approved by the City Council and the Treasurer of the State of Iowa; Iowa Public Agency Investment Trust, prime bankers acceptances that mature within 270 days of purchase; commercial paper or other short-term corporate debt that matures within 270 days of purchase and is rated within the two highest classifications; perfected repurchase agreements; and certain registered investment open-end management investment companies.

The City's investment in the Iowa Public Agency (IPAIT) Investment Trust is reported at amortized cost in accordance with GASB Statement No. 79. The Iowa Public Agency Trust is a common law trust established by Iowa code law and is administered by an appointed investment management company. The trust utilizes the amortized cost method for valuation purposes. There are no limitations or restrictions on withdrawals from IPAIT.

Note 2. Deposits and Investments (Continued)

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally statistical rating organization. The City's investment policy does not formally address credit risk. The City's investment in IPAIT is rated AAAm by S&P Global Ratings.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Chapter 12c of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2025, the City's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

A summary of cash and cash equivalents for the City, including $4,408,535 of custodial funds cash and cash equivalents is as follows:

Petty Cash	$ 290
Depository accounts	37,426,343
Iowa Public Agency Investment Trust	58,389,640
Total	$ 95,816,273

Note 3. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2025:

	June 30, 2024 Balance	Additions	Deletions	June 30, 2025 Balance
Governmental Activities				
Capital assets not being depreciated/amortized:				
Land	$ 14,304,467	$ 20,000	$ -	$ 14,324,467
Construction-in-progress	7,169,166	11,793,140	14,170,890	4,791,416
Total capital assets not being depreciated/amortized	21,473,633	11,813,140	14,170,890	19,115,883
Capital assets being depreciated/amortized:				
Buildings	36,386,510	5,525,515	-	41,912,025
Improvements, other than buildings	17,988,895	736,137	40,800	18,684,232
Equipment and vehicles	13,614,677	1,155,761	4,039,305	10,731,133
Infrastructure, roads	162,668,252	8,193,595	-	170,861,847
Infrastructure, other	32,526,171	125,195	-	32,651,366
Right to use IT subscription	909,276	152,078	305,872	755,482
Total capital assets being depreciated/amortized	264,093,781	15,888,281	4,385,977	275,596,085
Less accumulated depreciation/ amortization for:				
Buildings	7,168,778	742,479	-	7,911,257
Improvements, other than buildings	2,807,484	713,581	32,052	3,489,013
Equipment and vehicles	7,364,935	929,430	2,597,995	5,696,370
Infrastructure, roads	50,109,368	3,464,573	-	53,573,941
Infrastructure, other	4,001,045	684,855	-	4,685,900
Right to use IT subscription	452,432	215,483	305,872	362,043
Total accumulated depreciation/ amortization	71,904,042	6,750,401	2,935,919	75,718,524
Total capital assets being depreciated/amortized, net	192,189,739	9,137,880	1,450,058	199,877,561
Governmental activities capital assets, net	$ 213,663,372	$ 20,951,020	$ 15,620,948	$ 218,993,444

Note 3. Capital Assets (Continued)

	June 30, 2024 Balance	Additions	Deletions	June 30, 2025 Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	$ 668,949	$ -	$ -	$ 668,949
Construction-in-progress	11,241,344	5,458,618	10,978,323	5,721,639
Total capital assets not being depreciated	11,910,293	5,458,618	10,978,323	6,390,588
Capital assets being depreciated:				
Buildings	2,057,400	-	-	2,057,400
Equipment and vehicles	1,334,336	219,513	130,464	1,423,385
Infrastructure, water and sewer	109,627,523	12,089,426	-	121,716,949
Total capital assets being depreciated	113,019,259	12,308,939	130,464	125,197,734
Less accumulated depreciation and amortization for:				
Buildings	421,385	61,902	-	483,287
Equipment and vehicles	835,188	95,977	130,464	800,701
Infrastructure, water and sewer	27,883,845	2,204,313	-	30,088,158
Total accumulated depreciation and amortization	29,140,418	2,362,192	130,464	31,372,146
Total capital assets being depreciated, net	83,878,841	9,946,747	-	93,825,588
Business-type activities capital assets, net	$ 95,789,134	$ 15,405,365	$ 10,978,323	$ 100,216,176

Note 3. Capital Assets (Continued)

	June 30, 2024 Balance	Additions	Deletions	June 30, 2025 Balance
Fiduciary Activities				
Capital assets being depreciated:				
Improvements other than buildings	$ -	$ 9,792	$ -	$ 9,792
Equipment and vehicles	-	3,920,352	-	3,920,352
Total capital assets being depreciated	-	3,930,144	-	3,930,144
Less accumulated depreciation and amortization for:				
Equipment and vehicles	-	391,956	-	391,956
Infrastructure, other	-	1,754	-	1,754
Total accumulated depreciation and amortization	-	393,710	-	393,710
Total capital assets being depreciated, net	$ -	$ 3,536,434	$ -	$ 3,536,434

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

Governmental Activities:	
Public safety	$ 704,969
Public works	4,084,236
Culture and recreation	962,018
Community development	715,952
General government	283,226
Total depreciation and amortization expense, governmental activities	$ 6,750,401
Business-Type Activities:	
Water	$ 831,411
Sewer	964,550
Storm water	566,231
Total depreciation and amortization expense, business-type activities	$ 2,362,192
Fiduciary Funds:	
Public Safety	$ 393,710

Note 4. Long-Term Liabilities

A summary of the changes in bonded and other long-term debt for the year ended June 30, 2025 is as follows:

Governmental Activities	Restated Balance, Beginning	Additions	Redeemed/ Matured	Balance, Ending	Due Within One Year
General obligation bonds and notes	$ 119,530,564	$ 23,290,000	$ 10,773,730	$ 132,046,834	$ 10,774,040
General obligation bonds, bond premium	9,738,517	982,017	729,775	9,990,759	-
Compensated absences	1,405,580	-	50,266	1,355,314	1,185,934
IT subscription liability	399,770	152,079	201,130	350,719	140,080
Total OPEB liability	1,666,285	21,696	-	1,687,981	29,465
Net pension liability	1,509,930	-	1,356,188	153,742	-
Total	$ 134,250,646	$ 24,445,792	$ 13,111,089	$ 145,585,349	$ 12,129,519

Business-Type Activities	Restated Balance, Beginning	Additions	Redeemed/ Matured	Balance, Ending	Due Within One Year
General obligation bonds	$ 2,317,930	$ 165,000	$ 459,270	$ 2,023,660	$ 488,890
General obligation bonds, bond premium	323,920	14,264	71,730	266,454	-
Revenue bonds and notes	22,596,707	3,483,173	1,310,804	24,769,076	1,586,862
Compensated absences	92,250	10,288	-	102,538	89,720
Total OPEB liability	302,366	6,379	-	308,745	8,663
Net pension liability	575,253	-	31,952	543,301	-
Total	$ 26,208,426	$ 3,679,104	$ 1,873,756	$ 28,013,774	$ 2,174,135

Note 4. Long-Term Liabilities (Continued)

Governmental activities:

General obligation bonds/notes have been issued for both governmental and business type activities. The portion of unmatured general obligation bonds/notes accounted for in the governmental activities and serviced by the Debt Service Fund totaled $132,046,834 at June 30, 2025. Details of the general obligation bonds and notes from governmental activities as of June 30, 2025 are as follows:

Purpose	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Amount Outstanding
2015A General Obligation Bonds	04/07/15	2.00 - 5.00%	6/1/2034	$375,000-$1,440,000	$ 19,275,000	$ 11,510,000
2016 General Obligation Bonds	08/10/16	2.00 - 3.00%	6/1/2036	$145,000-$585,000	8,510,000	5,625,000
2017D General Obligation Bonds	08/17/17	3.00 - 5.00%	6/1/2037	$490,000-$1,190,000	16,515,000	10,960,000
2017E General Obligation Capital Loan Notes	05/05/17	1.75%	6/1/2036	$100,000-$220,000	3,114,000	2,094,000
2018A General Obligation Bonds	9/5/2018	3.00-5.00%	6/1/2038	$100,000-$705,000	9,500,000	7,360,000
2019B General Obligation Capital Loan Notes	4/12/2019	3.54%	4/12/2019	$1,000-$266,000	4,070,000	2,126,494
2019A General Obligation Bonds	12/5/2019	2.00-3.00%	6/1/2039	$170,000-$325,000	4,925,000	3,180,000
2020A Annual Appropriation	3/31/2020	2.00-5.00%	6/1/2039	$130,000-$520,000	5,480,000	3,255,000
2020C General Obligation Refunding Bonds	3/31/2020	2.00-5.00%	6/1/2033	$795,000-$1,260,000	14,460,000	8,400,000
2020E Taxable General Obligation Capital Loan Notes	11/5/2020	1.00-1.30%	6/1/2031	$265,000-$290,000	2,770,000	1,695,000
2021A General Obligation Bonds	7/7/2021	2.00-5.00%	6/1/2041	$695,000-$1,570,000	20,190,000	14,751,340
2021B General Obligation Certificates of Participation	10/20/2021	3.00-5.00%	6/1/2041	$325,000-$1,940,000	27,975,000	24,600,000
2021C Taxable General Obligation Urban Renewal Bonds	11/18/2021	1.70-3.00%	6/1/2031	$250,000-$1,110,000	5,650,000	1,565,000
2022A General Obligation Bonds	6/22/2022	2.15-3.30%	6/1/2032	$650,000-$925,000	8,315,000	5,690,000
2023A General Obligation Bonds	7/6/2023	5.00%	6/1/2035	$315,000-$1,095,000	8,395,000	6,365,000
2024A General Obligation Bonds	9/19/2024	4.00-5.00%	6/1/2045	$400,000-$750,000	10,835,000	10,415,000
2025A General Obligation Bonds	6/27/2025	4.625-5.00%	6/1/2046	$395,000-$940,000	12,455,000	12,455,000
Total						$ 132,046,834

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

	Principal	Interest	Total
2026	$ 10,774,040	$ 4,602,992	$ 15,377,032
2027	10,989,160	4,196,818	15,185,978
2028	11,340,210	3,745,334	15,085,544
2029	11,682,140	3,256,882	14,939,022
2030	10,076,660	2,789,309	12,865,969
2031-2035	45,491,200	9,084,474	54,575,674
2036-2040	23,473,234	3,542,083	27,015,317
2041	8,220,190	738,331	8,958,521
Total	$ 132,046,834	$ 31,956,223	$ 164,003,057

Note 4. Long-Term Liabilities (Continued)

Business-type Activities:

Revenue bonds/notes: The City has issued general obligation bonds/notes under the Iowa Finance Authority state revolving loan program (SRF) to finance various construction projects. The City has entered into agreements with the Iowa Finance Authority pursuant to the provision of Chapter 384.24A of the Code of Iowa. Each series under the state revolving loan program is issued for specific projects with repayments scheduled over the life of the asset or up to 30 years. The City draws the proceeds as needed for the projects with principal payments on the bonds beginning after completion of the construction.

During the year ended June 30, 2025, the City’s business-type activities drew $3,483,173 of SRF proceeds for construction projects. As of June 30, 2025, the City’s business-type activities has $12,373,922 available to draw.

Water Enterprise Fund:

The City has pledged future water customer revenues, net of specified operating expenses, to repay the revenue notes. Proceeds from the notes provided financing for the construction of improvements and extension to the water system. The notes are payable solely from water customer net revenues and are payable through 2040. Annual principal and interest payments on the notes are expected to require less than 100 percent of the net revenues. The total principal and interest remaining to be paid on the notes is $7,328,657. For the current year, principal and interest paid and total customer net revenues were $506,828 and $1,572,897 respectively. Total customer net revenues are defined for this purpose as operating income excluding depreciation and interest expense.

Sewer Enterprise Fund:

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay sewer revenue bonds. Proceeds from the bonds provided financing for construction of sewer improvements. The bonds are payable solely from wastewater customer net revenues and are payable through 2045. Annual principal and interest payments on the bonds are expected to require less than 100 percent of the net revenues. The total principal and interest remaining to be paid on the bonds is $12,539,374. For the current year, principal and interest paid and total customer net revenues were $622,175 and $1,273,524, respectively. Total customer net revenues are defined for this purpose as operating income adding back depreciation and interest expense.

Storm Water Enterprise Fund:

The City has pledged future stormwater customer revenues, net of specified operating expenses, to repay stormwater revenue bonds. Proceeds from the bonds provided financing for construction of stormwater improvements. The bonds are payable solely from stormwater customer net revenues and are payable through 2044. Annual principal and interest payments on the bonds are expected to require less than 100 percent of the net revenues. The total principal and interest remaining to be paid on the bonds is $8,399,816. For the current year, principal and interest paid and total customer net revenues were $512,317 and $1,169,508, respectively. Total customer net revenues are defined for this purpose as operating income adding back depreciation and interest expense.

Note 4. Long-Term Liabilities (Continued)

The resolutions providing for the issuance of the water, sewer and stormwater revenue bonds and capital loan notes issued under a loan agreement between the City of Johnston, and the Iowa Finance Authority, the Iowa Department of Natural Resources, and UMB Bank include the following provisions:

1. The bonds and notes will only be redeemed from the future earnings of the enterprise activity and the bond and note holders hold a lien on the future earnings of the funds.

2. Sufficient monthly transfers shall be made to separate water and sewer revenue sinking accounts for the purpose of making the bond and note principal and interest payments when due.

3. Water, sewer and storm water user rates shall be established at a level which produces and maintains net revenues at a level not less than 110 percent of the amount of principal and interest on the bonds and notes falling due in the same year.

Details of the general obligation bonds and revenue bonds/notes payable from Enterprise Funds at June 30, 2025 are as follows:

Obligation	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Amount Outstanding
General Obligation Bonds/Notes:						
2015A General Obligation	4/7/2015	2.00-5.00%	6/1/2030	$85,000-$110,000	$ 1,700,000	$ 515,000
2020C General Obligation Refunding Bonds	3/31/2020	0.05	6/1/2028	$190,000-$310,000	2,060,000	800,000
2021A General Obligation Bonds	7/7/2021	2.00-5.00%	6/1/2041	$695,000-$1,570,000	20,190,000	198,660
2023A General Obligation Bonds	7/6/2023	5.00%	6/1/2033	$35,000-$50,000	390,000	355,000
2024A General Obligation Bonds	9/19/2024	4.00-5.00%	6/1/2033	$15,000-$25,000	165,000	155,000
						2,023,660
Revenue Bonds/Notes:						
2009 Water Capital Loan Notes	8/5/2009	3.00%	6/1/2031	$99,000-$154,000	2,362,000	857,000
2006A Sewer Revenue Bonds	5/1/2006	1.75%	6/1/2026	$140,000-$183,000	2,800,000	183,000
2017A Stormwater Revenue Bonds	5/5/2017	1.75%	6/1/2039	$50,000-$274,000	4,434,000	2,891,358
2017B Sewer/Stormwater Revenue Bonds	5/5/2017	1.75%	6/1/2039	$64,000-$93,000	1,556,000	1,234,000
2017C Water Revenue Bonds	5/5/2017	1.75%	6/1/2039	$20,000-$104,000	1,675,000	1,270,000
2017E Stormwater Revenue Bonds	5/5/2017	0.02	6/1/2036	$100,000-$220,000	3,114,000	225,000
2018B Stormwater Revenue Bonds	1/19/2018	2.00%	6/1/2037	$80,000-$116,000	1,948,000	1,146,000
2019B Sewer/Stormwater Revenue Bonds	4/12/2019	3.54%	6/1/2038	$1,000-$266,000	4,070,000	913,222
2020D Water Revenue Bonds	4/24/2020	1.75%	6/1/2020	$173,000-$289,000	4,550,000	3,403,000
2022D Stormwater Revenue Bonds	5/20/2022	1.75%	6/1/2042	$30,473	699,000	632,000
2022SW Stormwater Revenue Bonds	4/4/2022	1.75%	6/1/2042	$42,000-$61,000	1,576,000	1,193,000
2022E Water Revenue Bonds	12/23/2022	0.00%	12/23/2025	n/a	450,000	281,412
2023C Sewer Revenue Bonds	4/1/2023	1.75%	6/1/2044	n/a	8,015,000	6,101,593
2023 Stormwater Revenue Bonds	1/13/2023	1.75%	6/1/2044	n/a	1,196,000	1,029,858
2023 Water Revenue Bonds	11/10/2023	0.00%	11/10/2026	n/a	1,160,000	301,382
2024C Sewer Revenue Bonds	8/15/2024	2.43%	6/1/2045	$47,000-$205,000	3,100,000	2,269,825
SFF 1417P	2/21/2024	0.00%	2/2/2027	n/a	550,000	384,783
SRF D0726P	7/12/2024	0.00%	7/12/2027	n/a	700,000	452,643
						24,769,076
Total business-type activities						$ 26,792,736

Note 4. Long-Term Liabilities (Continued)

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

	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2026	$ 488,890	$ 91,684	$ 580,574	$ 1,586,862	$ 379,761	$ 1,966,623
2027	508,510	69,139	577,649	2,056,202	359,729	2,415,931
2028	461,260	45,614	506,874	1,835,026	336,942	2,171,968
2029	175,000	23,600	198,600	1,407,415	313,646	1,721,061
2030	175,000	17,050	192,050	1,436,130	289,859	1,725,989
2031-2035	215,000	-	215,000	6,925,459	1,103,307	8,028,766
2036-2040	-	-	-	6,652,799	569,789	7,222,588
2041-2045	-	-	-	2,869,183	145,738	3,014,921
Total	$ 2,023,660	$ 247,087	$ 2,270,747	$ 24,769,076	$ 3,498,771	$ 28,267,847

Subscription Based Information Technology Arrangements (SBITA):

The City has entered into a subscription-based information technology arrangement (SBITA). The arrangement has an interest rate of 3.0 percent with final maturity on June 1, 2028. The future principal and interest payments as of June 30, 2025 were as follows:

	SBITA		
	Principal	Interest	Total
2026	$ 140,080	$ 12,393	$ 152,473
2027	117,840	7,263	125,103
2028	92,799	2,751	95,550
Total	$ 350,719	$ 22,407	$ 373,126

Note 5. Joint Venture and Commitments

Des Moines Metropolitan Wastewater Reclamation Authority (WRA):

The City is a participating community in the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) joint venture. This joint venture provides primary and secondary treatment of the sewer flows of the participating communities.

The WRA Agreement does not provide for the determination of an equity interest for the participating communities withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation would be paid. Since there is not a specific and measurable equity interest in the WRA no investment in the joint venture is reported by the City. The City does retain a reversionary interest percentage in the net position of the WRA that would only be redeemed in the event the WRA is dissolved.

Although debt of the WRA is to be paid solely and only from WRA revenues, the participating communities in the joint venture cannot withdraw from the joint venture while any of the bonds issued during the time the entity was a participating community are still outstanding. The City retains an ongoing financial responsibility to the WRA since it is obligated in some manner for the debts of the joint venture through the annual allocation of wastewater reclamation flows.

Note 5. Joint Venture and Commitments (Continued)

The allocation to all participating communities is based on operations, maintenance, debt service and reserve requirements. Allocations are based on wastewater reclamation facility flows and adjusted prospectively for differences in budgeted flows and actual flows. As of June 30, 2025, the City has a future commitment for approximately $12,067,524 for future principal payment requirements payable through the allocation of wastewater reclamation flows. The WRA issues separate financial statements that may be obtained at 3000 Vandalia Road, Des Moines, Iowa 50317-1346.

Central Iowa Water Works:

The City is a founding agency of the Central Iowa Water Works (CIWW) joint venture. CIWW was formed during fiscal year 2024 in order to provide for the ownership, operation and maintenance of the region's water supply facilities and to act as the exclusive wholesale supplier of water to member agencies.

The CIWW agreement, effective November 28, 2023 establishes CIWW as a separate legal entity with its own board. The agreement creates an independent governance structure, establishes independent bonding authority for CIWW, provides a framework for additional communities to participate and establishes funding mechanisms for the joint venture's capital and operating expenditures. The agreement also establishes CIWW's operational commencement date as January 1, 2025.

The agreement transfers certain water supply facility assets owned by the Founding Agencies to CIWW. Each Founding Agency continues to own and operate the water supply facility infrastructure which solely services its residents. The City of Johnston did not transfer any previously owned assets.

The agreement includes terms for which consideration is to be paid by the member agencies to CIWW for its actual net position in CIWW. The agreement requires payments of any deficit net position be made to CIWW by January 1, 2026. The City of Johnston’s deficit net position was $11,313,598. The City paid CIWW $79,120 during fiscal year 2024 and $526,170 in fiscal year 2025. The remaining $10,708,308 will be paid with proceeds of the $11,000,000 Water Revenue Capital Loan Notes, Series 2025D issued in December 2025. During the year ended June 30, 2025, the City paid CIWW $438,415 for operations, maintenance and debt service payments.

Annually, CIWW establishes a member cost allocation to all participating member agencies based on operations, maintenance, debt service and reserve requirements. Allocations are based on volume of water delivered to each member agency.

The City retains an ongoing financial responsibility to CIWW since it is obligated in some manner for the debts of the joint venture through the annual cost allocation. Although the debt of CIWW is to be paid solely and only from CIWW revenues, no member agency may withdraw from the joint venture at the detriment of the other holders of CIWW's issued bonds. A withdrawing member, therefore, must fund its allocated share of the outstanding bonds upon withdrawal, per the agreement. The CIWW Agreement requires the debt service of the outstanding bonds to be allocated to the member agencies based on volume of water delivered.

The CIWW Agreement does not provide for the determination of an equity interest for the member agencies. Withdrawing from the joint venture is a forfeit of all reversionary interest and no compensation will be paid.

The City retains a reversionary interest percentage in the net position of CIWW redeemable only in the event CIWW is dissolved. Since there is no specific and measurable equity interest in the CIWW agreement, no investment in the joint venture has been reported by the City.

Note 6. Interfund Receivables and Payables

The individual fund interfund receivable and payable balances include due to/from other funds. These balances at June 30, 2025 were:

	Total Interfund Receivables	Total Interfund Payables
Governmental Funds:		
Major funds:		
Capital projects	$ -	$ 49,574
Debt service	-	63,882
Enterprise Funds:		
Water	47,392	-
Sewer	63,882	47,392
Storm Water	49,574	-
Total	$ 160,848	$ 160,848

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Note 7. Interfund Transfers

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

	Transfers In	Transfers Out
Governmental activities:		
General	$ 2,542,207	$ 205,912
Urban Renewal TIF	-	9,067,398
Local Option Sales Tax	-	3,954,126
Debt service	9,908,463	-
Capital projects	1,402,881	-
Nonmajor governmental funds	37,000	513,874
Total governmental activities	13,890,551	13,741,310
Business-type activities:		
Water	-	69,704
Sewer	-	69,704
Storm water	-	9,833
Total business-type activities	-	149,241
Total	$ 13,890,551	$ 13,890,551

Note 7. Interfund Transfers (Continued)

Transfers are used to (1) move resources from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other governmental or proprietary funds in accordance with budgetary authorizations and (4) to record payments made between funds to settle interfund receivables/payables.

Note 8. Forgivable Loans

The City has entered into several private development agreements for urban renewal projects. The agreements provide the City will make forgivable loans to developers in exchange for the construction of certain minimum improvements located within the City's TIF districts. The loans are amortized and are forgiven in annual amounts provided the developers comply with all requirements stipulated within the agreements. At June 30, 2025, the City has 4 active loans and has loaned $444,197 under the agreements and forgiven $298,518 of the loans, leaving a balance of $254,321. These loans are not recorded as the City has determined the full amount of the loans are allowed for as uncollectible, because even if the forgiveness conditions are not met, management believes that it is unlikely the City will collect.

Note 9. Pension and Retirement Systems

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

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

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

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

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

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

Note 9. Pension and Retirement Systems (Continued)

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 plan members contributed 6.21% and the City contributed 9.31% for a total rate of 15.52%.

The City's contributions to IPERS for the year ended June 30, 2025 were $1,349,916.

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 $697,043 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 collective proportion was 0.0191420%, which was a decrease of 0.0270550% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized pension expense (income) of ($629,846). At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 875,771	$ 1,485
Changes of assumptions	-	191,127
Net difference between projected and actual earnings on pension plan investments	44,120	-
Changes in proportion and differences between City contributions and proportionate share of contributions	123,872	213,483
City contributions subsequent to the measurement date	1,349,916	-
Total	$ 2,393,679	$ 406,095

$1,349,916 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

Note 9. Pension and Retirement Systems (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		Amount
2026	$	(593,309)
2027		1,316,821
2028		95,951
2029		(171,076)
2030		(10,719)
Total	$	637,668

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 percent per annum
Salary Increases (effective June 30, 2017)	3.25 percent to 16.25 percent average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 2017)	7.00 percent, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25 percent per annum, based on 2.60 percent inflation and 0.65 percent real wage inflation

The actuarial assumptions used in the June 30, 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.

Note 9. Pension and Retirement Systems (Continued)

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0%	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	5.5%	6.62%
Total	100%	

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

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability (asset)	$ 7,941,939	$ 697,043	$ (5,373,636)

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

Payables to IPERS– All legally required City contributions and legally required employee contributions which had been withheld from employee wages were remitted by the City to IPERS by June 30, 2025.

Note 10. Other Postemployment Benefits

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

Note 10. Other Postemployment Benefits (Continued)

The City allows retirees to stay on the plan past age 65 at the group contract rate with Medicare coordination. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

Benefits provided: The Plan provides healthcare benefits including medical, prescription drug and dental benefits for retirees and their dependents. Retiree health care coverage is available to eligible retirees of any age. Retirees may choose between a traditional PPO plan and a high deductible plan. Eligible retired employees are provided a dental benefit on a fully contributory basis. All employees are required to contribute the full premium in order to continue coverage at retirement.

The full monthly premium rates for fiscal year 2025 for each plan are as shown below:

Rate Tier	Traditional	High Deductible
Single	$ 629	$ 489
Subscriber and Spouse	1,222	950
Subscriber and Children	1,135	882
Family	1,800	1,399

Employees covered by benefit terms: At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	155
	158

Total OPEB Liability

The City's total OPEB liability of $1,966,726 was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025.

Actuarial assumptions and other inputs: The total OPEB liability in the roll forward June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.70% per annum
Salary increases	3.25% per annum
Discount rate	5.20% per annum
Retirees' share of benefit-related costs	100%
Health care cost trend rate	Pre-medicare medical and RX benefits - 7.75% The trend rate is reduced by 0.25% each year until reaching the ultimate trend rate of 4.00%

The discount rate was based on the Bond Buyer 20-Bond GO index. Mortality rates were based on the PUB-2010 head count weighted base mortality table projected generationally using scale MP-2021, applied on a gender specific and job class basis. The actuarial assumptions used in the roll forward June 30, 2025 valuation were based on the results of an actuarial experience study for the period 2010– 2024.

Note 10. Other Postemployment Benefits (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2024	$ 1,968,651
Changes for the year:	
Service cost	261,905
Interest	86,912
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(282,615)
Benefit payments	(38,127)
Net changes	28,075
Balance at June 30, 2025	$ 1,996,726

There were no changes as a result of changes in benefit terms. Changes of assumptions or other inputs reflect a change in the discount rate from 3.93% per annum in 2024 to 5.20% per annum in 2025.

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

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	$ 2,220,000	$ 1,996,726	$ 1,797,000

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

	1% Decrease (6.75% decreasing to 3.0%)	Healthcare Cost Trend Rates (7.75% decreasing to 4.0%)	1% Increase (8.75% decreasing to 5.0%)
Total OPEB liability	$ 1,716,000	$ 1,996,726	$ 2,338,000

Note 10. Other Postemployment Benefits (Continued)

For the year ended June 30, 2025, the City recognized OPEB expense of $294,932. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 178,507	$ 517,207
Changes of assumptions or other inputs	204,151	534,454
Net difference between projected and actual investments	-	-
Total	$ 382,658	$ 1,051,661

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

Year ended June 30:	
2026	$ (53,884)
2027	(53,884)
2028	(53,884)
2029	(53,884)
2030	(53,884)
Thereafter	(399,583)
	$ (669,003)

Note 11. Conduit Debt Obligation

In April 2004, the City issued $2,500,000 of conduit debt under the provisions of Chapter 419 of the Code of Iowa, of which $700,000 is outstanding on June 30, 2025. The bonds were issued for Calvin Community facilities, a senior-living facility. The facilities are pledged as collateral for the bonds. Calvin Community is the obligor of the bonds and principal and interest on the bonds are payable solely by Calvin Community. No commitments beyond maintenance of the tax-exempt status of the conduit debt obligation were extended by the City. The City is only disclosing the conduit debt and has no obligations to makes payments on this debt.

On December 7, 2022, the City issued $28,000,000 Series 2022 Revenue Bonds under the provisions of Chapter 419 of the Code of Iowa of which $26,784,739 is outstanding on June 30, 2025. The bonds were issued to construct headquarter facilities for LifeServe Blood Center within the City. The new building is pledged as collateral for the bonds. LifeServe Blood Center is the obligor of the underlying loan for the construction. The bonds and related interest are payable solely from the third-party obligor. No commitments beyond maintenance of the tax-exempt status of the conduit debt obligation were extended by the City. The City is only disclosing the conduit debt and has no obligations to makes payments on this debt.

Note 12. Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductible and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. No significant reductions in insurance have occurred.

Note 12. Risk Management (Continued)

Self-Insurance: The City operates a self-insured medical expense reimbursement plan, which provides medical benefits to its employees. The plan provides each covered person with unlimited lifetime maximum coverage for health care needs. The plan is funded by both employee and City contributions and is administered through TrueNorth Companies. The City pays 100 percent of the employee's coverage and 90 percent of spousal and family care for the High Deductible Health Plan. For the traditional healthcare plan, the City pays 90% of the single premium and up to 85% of the family premium. The uninsured risk retention per person is $50,000 and not to exceed 125 percent of expected claims. Additionally, the City has purchased commercial stop-loss insurance to provide for claims in excess of $50,000 to reduce their exposure to large losses.

Amounts payable from the Health Deductible Claims Fund as of June 30, 2025 totaled $131,444 and include $130,000 incurred but not reported (IBNR) claims. The amounts are based on estimates of the amounts necessary to pay prior year and current year claims, and to establish a reserve for other loss. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss is reasonably estimable. There were no settlements for amounts exceeding the stop-loss coverage in the years ended June 30, 2025, 2024, and 2023. Claims payable is included within accounts, claims and contracts payable on the government-wide financial statements statement of net position. Information on changes in the aggregate liabilities for claims is as follows.

	2025	2024
Claims payable, beginning of year	$ 130,000	$ 110,000
Claims recognized	1,728,085	1,454,142
Claims payments and changes in estimates	(1,728,085)	(1,434,142)
Claims payable, end of year	$ 130,000	$ 130,000

Note 13. Contractual Commitments

The City has entered into construction contracts totaling $45,512,900. As of June 30, 2025, costs of $25,175,300 had been incurred on the projects and $20,337,600 remained on the contracts and will be paid as work progresses.

Note 14. Tax Abatements

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

Note 14. Tax Abatements (Continued)

The City has entered into various development agreements for urban renewal projects as provided for in Chapters 15A and 403 of the State Code of Iowa. The agreements require the City to rebate portions of the incremental property taxes paid by the developer in exchange for infrastructure improvements, rehabilitation, or development of industrial, commercial, or multi-residential projects. As of June 30, 2025 the City had twenty-seven development agreements in place. These include agreements for projects currently under construction with rebates to begin in future years. In the current year payments were made to developers for eleven projects which totaled $1,196,240.

Actual incremental tax rebates are computed based on the taxable valuations of these properties, the incremental property tax rate each year, and the provisions of the development agreements. Each agreement, however, includes a maximum total amount of rebates that may be paid over the term of the agreement. The maximum total of rebates to be paid by the City under the agreements in effect as of June 30, 2025 is an amount not to exceed $54,535,504. This amount includes $48,023,000 for projects not yet receiving rebate payments.

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

Note 15. Fund Balances

GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions,* establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The details for the City's fund balances are as follows:

	General Fund	Urban Renewal Tax Increment Financing	Local Option Sales Tax	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepaids	$ 431,305	$ -	$ -	$ -	$ -	$ -	$ 431,305
Assets held for resale	-	1,381,188	-	-	-	-	1,381,188
Total nonspendable	431,305	1,381,188	-	-	-	-	1,812,493
Restricted:							
Capital projects	-	-	-	-	30,261,819	-	30,261,819
Debt service	-	-	-	2,512,547	-	-	2,512,547
Roads	-	-	-	-	-	7,183,282	7,183,282
Public safety	-	-	-	-	-	49,914	49,914
Culture and recreation	-	-	-	-	-	218,188	218,188
Community development	-	11,446,937	5,738,123	-	-	604,467	17,789,527
Employee benefits	-	-	-	-	-	950,505	950,505
Total restricted	-	11,446,937	5,738,123	2,512,547	30,261,819	9,006,356	58,965,782
Unassigned	12,987,401	-	-	-	-	-	12,987,401
Total fund balance	$ 13,418,706	$ 12,828,125	$ 5,738,123	$ 2,512,547	$ 30,261,819	$ 9,006,356	$ 73,765,676

Note 16. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

The City adopted the following statements during the year ended June 30, 2025:

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

Note 16. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

GASB Statement No. 102, *Certain Risk Disclosures*, issued December 2024. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should provide information in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact associated with the concentration or constraint. The disclosures should include descriptions of the following: (a) The concentration or constraint (b) Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (c) Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The above statements did not have a significant impact to the City except for GASB Statement No. 101 required the City to restate beginning net position of governmental activities, business-type activities, and major enterprise funds Water and Sewer.

As of June 30, 2025, GASB had issued several statements not yet required to be implemented by the City. The Statements which might impact the City are as follows:

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

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

Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale

GASB Statement No. 105, *Subsequent Events*, issued December 17, 2025, will be effective for the City beginning with its fiscal year ending June 30, 2027. This Statement is intended to enhance consistency in the application of requirements for subsequent events. The Statement defines subsequent events as transactions or other events that occur after the date of the financial reporting statements but before the date the financial statements are available to be issued. The definition of subsequent events in this Statement modifies the subsequent events time frame throughout the GASB literature. Statement No. 105 also clarifies the different types of subsequent events, when note disclosures are required, and the information that should be included in those note disclosures.

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

Note 17. Restatement

The City implemented GASB Statement No. 101, *Compensated Absences*, which required the City to restate net position as of June 30, 2024, follows:

	Governmental Activities	Business-type Activities	Water	Sewer
Net position June 30, 2024, as previously reported	$ 138,072,186	$ 86,198,937	$ 32,410,981	$ 33,925,510
Compensated absences previously reported	1,338,577	88,680	44,340	44,340
Compensated absences liability, change in accounting principle	(1,405,580)	(92,250)	(46,125)	(46,125)
Net position June 30, 2024, as restated	$ 138,005,183	$ 86,195,367	$ 32,409,196	$ 33,923,725

Note 18. Subsequent Events

On November 14, 2025, The City issued $9,000,000 Water Revenue Capital Loan Notes, Series 2025B with an interest rate of 3.01%. The Note is issued through the Iowa Department of Natural Resources and matures on June 1, 2045. The Note is issued to provide funds to pay for construction associated with Northwest Saylorville Drive Water Main Extension Segments B and C project.

On November 14, 2025, The City issued $8,000,000 Sewer Revenue Capital Loan Notes, Series 2025C with an interest rate of 3.01%. The Note is issued through the Iowa Department of Natural Resources and matures on June 1, 2045. The Note is issued to provide funds to pay for construction associated with the Little Beaver Creek Sewer Segment B.

On December 19, 2025, The City issued $11,000,000 Water Revenue Capital Loan Notes, Series 2025D with an interest rate of 3.01%. The Note is issued through the Iowa Department of Natural Resources and matures on June 1, 2045. The Note is issued to provide funds associated with the buy in of the Central Iowa Water Works 28E agreement.

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City of Johnston, Iowa

Required Supplementary Information
Budgetary Comparison Schedule
Budget and Actual - All Governmental and Enterprise Funds
Year Ended June 30, 2025

	Governmental Fund Types Actual	Enterprise Fund Types Actual	Total Actual
Revenues:			
Property tax	$ 19,856,469	$ -	$ 19,856,469
Tax increment financing	11,132,003	-	11,132,003
Other city tax	6,084,357	-	6,084,357
Licenses and permits	726,959	-	726,959
Use of money and property	2,827,795	596,828	3,424,623
Intergovernmental	6,248,326	1,000,000	7,248,326
Charges for service	1,565,211	13,319,137	14,884,348
Special assessments	140,481	-	140,481
Miscellaneous	429,954	196,468	626,422
Total revenues	49,011,555	15,112,433	64,123,988
Expenditures:			
Public safety	12,313,037	-	12,313,037
Public works	4,188,216	-	4,188,216
Health and social services	35,600	-	35,600
Culture and recreation	4,394,988	-	4,394,988
Community development	2,181,986	-	2,181,986
General government	2,178,667	-	2,178,667
Debt service	15,721,446	-	15,721,446
Capital outlay	12,669,439	-	12,669,439
Business-type	-	12,186,893	12,186,893
Total expenditures	53,683,379	12,186,893	65,870,272
Excess (deficiency) of revenues over (under) expenditures/expenses	(4,671,824)	2,925,540	(1,746,284)
Other financing sources (uses), nonoperating items	24,530,899	1,791,262	26,322,161
Transfers in	13,890,551	-	13,890,551
Transfers (out)	(13,741,310)	(149,241)	(13,890,551)
Net change in fund balance/net position	20,008,316	4,567,561	24,575,877
Balance, beginning of year	53,757,360	86,091,661	139,849,021
Balance, end of year	$ 73,765,676	$ 90,659,222	$ 164,424,898

See Notes to Required Supplementary Information.

Accrual Adjustments	Total Actual (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance
$ (31,222)	$ 19,825,247	$ 19,999,197	$ 17,859,265	$ 1,965,982
(48,574)	11,083,429	11,221,681	11,221,681	(138,252)
-	6,084,357	5,064,183	5,647,552	436,805
-	726,959	583,000	657,200	69,759
-	3,424,623	100,784	2,400,784	1,023,839
(946,292)	6,299,034	3,580,364	3,718,124	2,580,910
61,678	14,949,026	13,951,621	14,186,511	762,515
(30,852)	109,629	-	138,626	(28,997)
(128,214)	498,208	650,505	724,792	(226,584)
(1,123,476)	63,000,512	55,151,335	56,554,535	6,445,977
55,918	12,368,955	13,261,190	13,358,373	989,418
3,538	4,191,754	5,402,647	5,413,147	1,221,393
(100)	35,500	51,600	51,600	16,100
81,408	4,476,396	5,602,422	5,213,697	737,301
(8,603)	2,173,383	4,146,596	2,854,373	680,990
64,800	2,243,467	2,469,424	2,531,527	288,060
-	15,721,446	15,835,878	15,835,878	114,432
918,670	13,588,109	10,538,487	15,934,187	2,346,078
4,792,361	16,979,254	27,363,923	28,441,782	11,462,528
5,907,992	71,778,264	84,672,167	89,634,564	17,856,300
(7,031,468)	(8,777,752)	(29,520,832)	(33,080,029)	24,302,277
1,921,003	28,243,164	23,149,313	24,078,183	4,164,981
-	13,890,551	15,287,498	16,885,871	2,995,320
-	(13,890,551)	(15,287,498)	(16,885,871)	(2,995,320)
(5,110,465)	19,465,412	$ (6,371,519)	$ (9,001,846)	$ 28,467,258
(69,673,225)	70,175,796			
$ (74,783,690)	$ 89,641,208			

City of Johnston, Iowa

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

	2025	2024	2023
Total OPEB liability			
Changes for the year:			
Service cost	$ 261,905	$ 215,018	$ 211,223
Interest	86,912	74,443	63,798
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(227,113)	-
Changes in assumptions or other inputs	(282,615)	94,392	(22,481)
Benefit payments	(38,127)	(25,213)	(12,804)
Net changes in total OPEB liability	28,075	131,527	239,736
Total OPEB liability - beginning	1,968,651	1,837,124	1,597,388
Total OPEB liability - ending	$ 1,996,726	$ 1,968,651	$ 1,837,124
Covered employee payroll	$ 12,174,000	$ 11,790,483	$ 10,362,000
Total OPEB liability as a percentage of covered employee payroll	16%	17%	18%

Notes to Schedule:

Changes of benefit terms:
There were no changes as a result of changes in benefit terms.

Changes of assumption:
Changes of assumptions or other inputs reflect a change in the discount rate.The following are the discount rates used in each period:

	2025	2024	2023
the discount rates used in each period:	5.20%	3.93%	3.65%

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

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

2022	2021	2020	2019	2018
$ 153,355	$ 148,971	$ 138,355	$ 127,642	$ 122,886
32,704	29,686	54,906	52,310	48,012
-	-	-	-	-
226,482	-	(524,886)	-	-
(175,875)	6,416	124,156	53,320	(37,773)
-	(37,237)	(20,077)	(33,740)	(19,963)
236,666	147,836	(227,546)	199,532	113,162
1,360,722	1,212,886	1,440,432	1,240,900	1,127,738
$ 1,597,388	$ 1,360,722	$ 1,212,886	$ 1,440,432	$ 1,240,900
$ 10,035,831	$ 8,263,000	$ 8,003,134	$ 8,539,809	$ 6,615,688
16%	16%	15%	17%	19%
3.54%	2.16%	2.21%	3.50%	3.58%

City of Johnston, Iowa

Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Ten Fiscal Years

	2025	2024	2023	2022
City's proportion of the net pension liability	0.0191420%	0.0461970%	0.0224140%	1.1214945%
City's proportionate share of the net pension liability (asset)	$ 697,043	$ 2,085,183	$ 846,843	$ (3,871,701)
City's covered payroll	$ 12,412,988	$ 11,120,684	$ 10,298,037	$ 9,552,879
City's proportionate share of the net pension liability as a percentage of its covered payroll	5.6%	18.8%	8.2%	-40.5%
Plan fiduciary net pension as a percentage of total pension liability (asset)	92.30%	90.13%	100.81%	100.81%

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

See Notes to Required Supplementary Information.

2021	2020	2019	2018	2017	2016
0.0654404%	0.0546027%	0.0559656%	0.0589419%	0.0546583%	0.0446719%
$ 4,597,014	$ 3,161,857	$ 3,541,643	$ 3,926,278	$ 3,439,818	$ 2,207,008
$ 9,066,005	$ 8,389,700	$ 7,836,769	$ 7,323,462	$ 6,673,188	$ 6,290,859
50.7%	37.7%	45.2%	53.6%	51.5%	35.1%
82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

City of Johnston, Iowa

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

	2025	2024	2023	2022
Statutorily required contribution	$ 1,350	$ 1,166	$ 1,044	$ 966
Contributions in relation to the statutorily required contribution	(1,350)	(1,166)	(1,044)	(966)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 14,301	$ 12,413	$ 11,121	$ 10,298
Contributions as a percentage of covered payroll	9.44%	9.39%	9.39%	9.38%

NOTE: Amounts in thousands

See Notes to Required Supplementary Information.

2021	2020	2019	2018	2017	2016
$ 911	$ 876	$ 821	$ 733	$ 710	$ 623
(911)	(876)	(821)	(733)	(710)	(623)
$ -	$ -	$ -	$ -	$ -	$ -
$ 9,553	$ 9,066	$ 8,390	$ 7,837	$ 7,323	$ 6,673
9.54%	9.66%	9.79%	9.35%	9.70%	9.34%

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City of Johnston, Iowa

Notes to Required Supplementary Information

Note 1. Budgetary Information

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following publication of a required public notice and holding of a public hearing for all funds except the internal service and fiduciary funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at the end of the year.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital outlay and business-type activities. During the year, two budget amendments increased budgeted expenditures by a total of $4,962,397. These budget amendments are reflected in the final budgeted amounts.

Note 2. Iowa Public Employees' Retirement System

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%.

City of Johnston, Iowa

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue		
	Road Use Tax	Employee Benefits	MHR Redevelopment
Assets			
Cash and investments	$ 7,058,544	$ 948,678	$ 542,433
Receivables, net of allowance:			
Property tax:			
Delinquent	-	1,827	-
Succeeding year	-	1,108,389	-
Accounts	-	-	-
Due from other governments	262,886	-	-
Total assets	$ 7,321,430	$ 2,058,894	$ 542,433
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	92,445	-	-
Salaries and benefits payable	45,703	-	-
Total liabilities	138,148	-	-
Deferred inflows of resources, unavailable revenue:			
Unavailable revenue, property taxes	-	1,108,389	-
Total deferred inflows of resources	-	1,108,389	-
Fund Balances:			
Restricted for special revenue purposes	7,183,282	950,505	542,433
Total fund balances	7,183,282	950,505	542,433
Total liabilities, deferred inflows of resources and fund balances	$ 7,321,430	$ 2,058,894	$ 542,433

(Continued)

	Special Revenue			
	Police	ARPA	East Park District	Northridge Park District
	$ 10,744	$ -	$ 4,740	$ 113,146
	-	-	-	-
	-	-	-	-
	35,438	-	-	-
	4,000	-	-	-
	$ 50,182	$ -	$ 4,740	$ 113,146
	268	-	-	-
	-	-	-	-
	268	-	-	-
	-	-	-	-
	-	-	-	-
	49,914	-	4,740	113,146
	49,914	-	4,740	113,146
	$ 50,182	$ -	$ 4,740	$ 113,146

City of Johnston, Iowa

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2025

	Special Revenue		
	Northwest Park District	Southwest Park District Henningsen	Senior Citizens
Assets			
Cash and investments	$ 18,404	$ 56,577	$ 1,349
Receivables, net of allowance:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts	-	-	-
Due from other governments	-	-	-
Total assets	$ 18,404	$ 56,577	$ 1,349
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	-	-	1,234
Salaries and benefits payable	-	-	-
Total liabilities	-	-	1,234
Deferred inflows of resources, unavailable revenue:			
Unavailable revenue, property taxes	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances:			
Restricted for special revenue purposes	18,404	56,577	115
Total fund balances	18,404	56,577	115
Total liabilities, deferred inflows of resources and fund balances	$ 18,404	$ 56,577	$ 1,349

Special Revenue			Total
Library	Emergency Levy	Trees	Nonmajor Governmental Funds
$ 21,798	$ -	$ 72,311	$ 8,848,724
-	-	-	1,827
-	-	-	1,108,389
3,408	-	10,305	49,151
-	-	-	266,886
$ 25,206	$ -	$ 82,616	$ 10,274,977
-	-	20,582	114,529
-	-	-	45,703
-	-	20,582	160,232
-	-	-	1,108,389
-	-	-	1,108,389
25,206	-	62,034	9,006,356
25,206	-	62,034	9,006,356
$ 25,206	$ -	$ 82,616	$ 10,274,977

City of Johnston, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances-
Nonmajor Governmental Funds
Year Ended June 30, 2025

	Special Revenue		
	Road Use Tax	Employee Benefits	MHR Redevelopment
Revenues:			
Property tax	$ -	$ 908,844	$ -
Other city tax	-	21,333	-
Use of money and property	246,043	30,764	22,209
Intergovernmental	3,406,628	15,924	-
Miscellaneous	1,798	-	-
Total revenues	3,654,469	976,865	22,209
Expenditures:			
Current:			
Public safety	-	921,916	-
Public works	2,374,116	180,259	-
Culture and recreation	-	261,255	-
Community and economic development	-	58,786	-
General government	-	35,511	-
Total expenditures	2,374,116	1,457,727	-
Revenue over (under) expenditures	1,280,353	(480,862)	22,209
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(408,116)	-	-
Total other financing sources (uses)	(408,116)	-	-
Net change in fund balances	872,237	(480,862)	22,209
Fund balances beginning of year	6,311,045	1,431,367	520,224
Fund balances, end of year	$ 7,183,282	$ 950,505	$ 542,433

(Continued)

Special Revenue			
Police	ARPA	East Park District	Northridge Park District
$ -	$ -	$ -	$ -
-	-	-	-
367	849	202	4,884
-	40,327	-	-
35,438	-	-	-
35,805	41,176	202	4,884
268	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
268	-	-	-
35,537	41,176	202	4,884
-	-	-	-
-	(71,881)	-	-
-	(71,881)	-	-
35,537	(30,705)	202	4,884
14,377	30,705	4,538	108,262
$ 49,914	$ -	$ 4,740	$ 113,146

City of Johnston, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances-
Nonmajor Governmental Funds (Continued)
Year Ended June 30, 2025

	Special Revenue		
	Northwest Park District	Southwest Park District Henningsen	Senior Citizens
Revenues:			
Property tax	$ -	$ -	$ -
Other city tax	-	-	-
Use of money and property	786	2,409	196
Intergovernmental	-	-	-
Miscellaneous	-	-	3,711
Total revenues	786	2,409	3,907
Expenditures:			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	13,843
Community and economic development	-	-	-
General government	-	-	-
Total expenditures	-	-	13,843
Revenue over (under) expenditures	786	2,409	(9,936)
Other financing sources (uses):			
Transfers in	-	-	5,000
Transfers out	-	-	-
Total other financing sources (uses)	-	-	5,000
Net change in fund balances	786	2,409	(4,936)
Fund balances beginning of year	17,618	54,168	5,051
Fund balances, end of year	$ 18,404	$ 56,577	$ 115

Special Revenue			
Library	Emergency Levy	Trees	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 908,844
-	-	-	21,333
15,189	23	2,338	326,259
-	-	10,000	3,472,879
-	-	19,523	60,470
15,189	23	31,861	4,789,785
-	-	-	922,184
-	-	-	2,554,375
-	-	-	275,098
-	-	41,910	100,696
-	-	-	35,511
-	-	41,910	3,887,864
15,189	23	(10,049)	901,921
-	-	32,000	37,000
(24,000)	(9,877)	-	(513,874)
(24,000)	(9,877)	32,000	(476,874)
(8,811)	(9,854)	21,951	425,047
34,017	9,854	40,083	8,581,309
$ 25,206	$ -	$ 62,034	$ 9,006,356

City of Johnston, Iowa

Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Custodial		
	JGMFD	Flexible Spending	Total
Assets			
Current assets:			
Cash and pooled investments	$ 4,408,535	$ -	$ 4,408,535
Accounts receivable	790,440	4,663	795,103
Due from other governments	27,579	-	27,579
Prepaid expenses	92,027	-	92,027
Total current assets	5,318,581	4,663	5,323,244
Noncurrent assets:			
Capital assets being depreciated, net	3,536,434	-	3,536,434
Total assets	8,855,015	4,663	8,859,678
Liabilities			
Accounts payable	58,705	450	59,155
Salaries and benefits payable	184,177	-	184,177
Due to other governments	4,453	-	4,453
Total liabilities	247,335	450	247,785
Deferred inflows of resources, other	-	4,663	4,663
Net position:			
Restricted	8,607,680	-	8,607,680
Unrestricted	-	(450)	(450)
	$ 8,607,680	$ (450)	$ 8,607,230

City of Johnston, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2025

	Custodial		
	JGMFD	Flexible Spending	Total
Additions			
Charges for service	$ 2,119,998	$ -	$ 2,119,998
Other	222,059	-	222,059
Intergovernmental	8,910,886	-	8,910,886
Total additions	11,252,943	-	11,252,943
Deductions			
Administrative expenses	-	2,453	2,453
Salaries and benefits	5,687,281	-	5,687,281
Cost of services	1,695,838	-	1,695,838
Depreciation expense	393,710	-	393,710
Total deductions	7,776,829	2,453	7,779,282
Income (loss) before capital contributions	3,476,114	(2,453)	3,473,661
Capital contributions	2,031,686	-	2,031,686
Change in net position	5,507,800	(2,453)	5,505,347
Net position, beginning of the year	3,099,880	2,003	3,101,883
Net position (deficit), end of the year	$ 8,607,680	$ (450)	$ 8,607,230

City of Johnston, Iowa

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Fiscal Years

	2025	2024	2023	2022
Revenues				
Property tax	$ 19,856,469	$ 17,816,024	$ 17,192,586	$ 16,719,211
Tax increment financing	11,132,003	9,567,099	9,704,496	8,197,641
Other city tax	6,084,357	5,826,701	5,529,696	6,033,084
Licenses and permits	726,959	672,740	730,680	695,179
Use of money and property	2,827,795	2,773,696	1,585,521	198,829
Intergovernmental	6,248,326	6,341,887	6,122,107	5,904,137
Charges for services	1,565,211	1,673,175	1,818,466	1,622,174
Special assessments	140,481	53,060	182,408	57,812
Miscellaneous	429,954	236,513	226,004	703,890
Total revenues	$ 49,011,555	$ 44,960,895	$ 43,091,964	$ 40,131,957
Expenditures				
Current				
General government	$ 2,178,667	$ 1,986,424	$ 1,866,131	$ 1,548,856
Public safety	12,313,037	12,269,147	9,568,694	8,684,144
Public works	4,188,216	4,261,308	4,415,484	3,357,819
Health and social services	35,600	34,250	36,500	30,012
Culture and recreation	4,394,988	4,247,733	4,383,534	3,887,889
Community development	2,181,986	4,234,704	3,050,146	3,697,067
Capital outlay	12,669,439	9,855,965	12,062,810	45,420,220
Debt service	15,721,446	14,746,503	13,656,978	25,063,027
Total expenditures	$ 53,683,379	$ 51,636,034	$ 49,040,277	$ 91,689,034

2021	2020	2019	2018	2017	2016
$ 16,323,284	$ 16,682,834	$ 16,163,674	$ 14,625,799	$ 14,024,271	$ 13,356,049
7,890,410	8,536,193	7,589,446	6,339,770	5,836,933	4,314,235
3,418,468	1,941,294	913,117	877,131	751,113	756,709
623,526	490,756	401,907	542,638	493,050	864,482
233,405	413,852	755,145	396,281	247,784	156,986
5,719,274	4,281,276	4,264,872	5,107,439	6,686,583	4,034,669
1,638,970	1,657,126	1,463,468	1,506,577	1,257,181	1,114,693
41,953	121,841	170,752	34,364	121,506	-
163,166	95,180	187,734	226,507	199,838	560,056
$ 36,052,456	$ 34,220,352	$ 31,910,115	$ 29,656,506	$ 29,618,259	$ 25,157,879

$ 1,390,557	$ 1,257,474	$ 1,171,818	$ 1,099,320	$ 1,207,070	$ 1,152,682
8,678,817	7,969,382	6,843,672	7,087,185	5,979,698	5,509,222
3,377,004	2,954,824	3,565,707	3,349,987	3,241,097	3,214,603
32,514	33,066	33,189	27,129	25,000	31,250
3,497,190	3,785,226	3,571,932	3,064,765	2,984,654	2,888,920
4,705,358	2,950,147	5,774,544	6,579,176	3,525,072	3,833,190
12,804,548	11,430,127	7,737,642	12,202,891	7,297,960	7,093,848
9,314,830	25,333,391	8,170,285	9,371,506	15,550,937	14,410,450
$ 43,800,818	$ 55,713,637	$ 36,868,789	$ 42,781,959	$ 39,811,488	$ 38,134,165

City of Johnston, Iowa

Insurance Coverage Information (Unaudited)
Year Ended June 30, 2025

Insurer	Description	Expiration Date	Amount
The following insurance policies were in force at June 30, 2025:			
EMC Insurance	Automobile Coverage	April 1, 2025	$ 2,000,000
	Uninsured Motorists	April 1, 2025	1,000,000
	Underinsured Motorists	April 1, 2025	1,000,000
	Comprehensive/Collision	April 1, 2025	actual cash value
EMC Insurance	Auto Medical Payments	April 1, 2025	5,000
EMC Insurance	Blanket		
	Building and Personal Property	April 1, 2025	92,580,310
EMC Insurance	General Liability Coverage		
	General Aggregate	April 1, 2025	4,000,000
	Products Aggregate	April 1, 2025	4,000,000
	Personal/advertising Injury	April 1, 2025	4,000,000
	Each Occurrence	April 1, 2025	2,000,000
	Damage to Rented Property	April 1, 2025	500,000
	Medical Expense	April 1, 2025	10,000
EMC Insurance	Commercial Crime		
	Employee Theft- Per Emp.	April 1, 2025	600,000 per occurence
	Forgery or Alteration	April 1, 2025	10,000
	Inside the Premises	April 1, 2025	15,000
	Outside the Premises	April 1, 2025	15,000
	Computer Fraud	April 1, 2025	600,000
	Funds Transfer Fraud	April 1, 2025	600,000
	Telephone Toll Fraud	April 1, 2025	25,000
EMC Insurance	Inland Marine		
	Rented Contracted Equip.	April 1, 2025	100,000
	Misc. Property	April 1, 2025	733,000
	Data Processing- Equip.	April 1, 2025	108,138
EMC Insurance	Commercial Umbrella		
	Each Occurance	April 1, 2025	9,000,000
	General Aggregate	April 1, 2025	9,000,000
	Retained Limit	April 1, 2025	10,000
IMWCA	Workers' Compensation		
	Bodily Injury by Accident	April 1, 2025	5,000,000
	Bodily Injury by Disease- Ea. Employee	April 1, 2025	5,000,000
	Bodily Injury by Disease- Policy Limit	April 1, 2025	5,000,000
EMC Insurance	Linebacker		
	Each Loss	April 1, 2025	2,000,000
	Aggregate	April 1, 2025	2,000,000
EMC Insurance	Law Enforcement Liability		
	Each Loss	April 1, 2025	2,000,000
	Aggregate	April 1, 2025	2,000,000
Jester Insurance	Cyber Liability		
	Data Compromise	April 1, 2025	1,000,000
	Defense and Liability	April 1, 2025	1,000,000

City of Johnston, Iowa

Sewer Fund Statistical Information (Unaudited)
Year Ended June 30, 2025

Sewer customers served at June 30, 2025	7,544

Sewer rates in effect at June 30, 2025: Service availability fee per month of $8.36 plus $7.72 per 1,000 gallons of water used.

For those contributors who contribute wastewater, the strength of which is greater than normal domestic sewage, a surcharge in addition to the normal charge is collected as follows:

Biochemical oxygen demand	$0.21 per pound
Suspended solids	$0.22 per pound
Oil and grease	$0.11 per pound
Total Kjeldahl Nitrogen	$0.42 per pound

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City of Johnston, Iowa

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Pass-through Iowa Department of Natural Resources				
Community Forestry Grant Program-				
Emerald Ash Borer Reforestation Funds	10.664	2025	$ -	$ 10,000
U.S. Department of Justice				
Direct:				
Bulletproof Vest Partnership Program	16.607	N/A	-	3,630
Pass-through Iowa Department of Public Safety				
Edward Byrne Memorial Justicte Assistance Grants	16.738	21-JAG-527623	-	15,000
Total U.S. Department of Justice			-	18,630
U.S. Department of Transportation				
Pass-through Iowa Department of Public Safety				
Highway Safety Cluster,				
State and Community Highway Safety	20.600	PAP 402-PT-2024, Task 05-40-47	-	3,411
State and Community Highway Safety	20.600	PAP 402-PT-2025, Task 05-40-52	-	18,863
Total U.S. Department of Transportation			-	22,274
U.S. Department of Treasury				
Passed through Iowa Department of Revenue:				
COVID-19, Coronavirus State and Local Fiscal Recovery Funds	21.027	FY2022	-	14,228
U.S. Environmental Protection Agency				
Direct:				
Congressionally Mandated Projects	66.202	96708601	-	1,000,000
U.S. Department of Homeland Security				
Pass-through Iowa Department of Homeland Security and Emergency Management:				
Disaster Grants- Public Assistance	97.036	PA 4787	-	3,980
Total Expenditures of Federal Awards			$ -	$ 1,069,112

See Notes to Schedule of Expenditures of Federal Awards.

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) includes the federal grant activity of the City under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the entity.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual or accrual basis of accounting as applicable. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures of federal awards are recognized in the accounting period when the liability is incurred and has met the eligibility criteria of the federal grant.

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to the revenue. In the governmental funds, revenue from federal grants is recognized when the revenue is both measurable and available. In proprietary funds, revenue from federal grants is recognized when it is earned.

Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Johnston, Iowa

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

Findings		Status	Corrective Action Plan or Other Explanation
Findings related to the Basic Financial Statements:			
Significant deficiencies:			
2024-001	The City has insufficient segregation of duties over the payroll process.	Corrected.	
Instances of noncompliance:			
2024-002	The City did not complete the June 30, 2023 single audit within 9 months of the June 30, 2023 year-end.	Corrected.	
Other findings related to statutory reporting:			
IV-L-24	The City made disbursements from the TIF fund to pay attorney fees, legal fees, recording fees, or other project costs. The City then certifies the payments made from the TIF fund in the following year.	Corrected.	

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Bohnsack & Frommelt LLP
Certified Public Accountants
575 12th Avenue
East Moline, Illinois 61244

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Johnston, Iowa, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 9, 2026.

Our report includes an emphasis of matter paragraph for the implementation of Governmental Accounting Standards Board Statement No. 101.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

Bohnsack & Frommelt LLP

East Moline, Illinois
March 9, 2026

Bohnsack & Frommelt LLP
Certified Public Accountants
575 12th Avenue
East Moline, Illinois 61244

Independent Auditor's Report on Compliance For Each Major Federal Program and On Internal Control Over Compliance Required By the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Johnston, Iowa's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, City of Johnston complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit,
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Bohnsack & Frommelt LLP

East Moline, Illinois
March 9, 2026

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City of Johnston, Iowa

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency identified? ☐ Yes ☒ None Reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency identified? ☐ Yes ☒ None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
66.202	Congressionally Mandated Projects

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

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

(Continued)

II. Findings Relating to the Basic Financial Statements as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Control

No matters reported.

B. Instances of Noncompliance

No matters reported.

III. Findings and Questioned Costs for Federal Awards

A. Internal Control for Federal Awards

No matters reported.

B. Instances of Noncompliance

No matters reported.

IV. Other Findings Related to Required Statutory Reporting

IV-A-25
Certified Budget- Expenditures for the year ended June 30, 2025 did not exceed amounts budgeted.

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

IV-C-25
Travel Expenses – No expenditures of City money for travel expenses of spouses of City officials or employees were noted. No travel advances to City officials or employees were noted.

IV-D-25
Business Transactions – No business transactions between the City and City officials or employees were noted.

IV-E-25
Restricted Donor Activity – No transactions were noted between City, City Officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

IV-F-25
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.

(Continued)

IV-G-25
Council Minutes – No transactions requiring Council approval which had not been approved by the Council were noted.

Finding 1: The minutes of the October 21, 2024 Council meeting were not delivered to the newspaper within 15 days as require by Chapter 372.13(6) of the Code of Iowa.

Recommendation: We recommend the City put procedures in place to ensure compliance with the Code of Iowa and deliver the minutes newspaper within 15 days of the meeting.

Response and Corrective Action Plan: The City agrees with the recommendation and will put procedures in place to ensure compliance.

Conclusion: Response accepted.

Finding 2: The final reading of Ordinance #1132 was approved at the March 3, 2025 meeting. The Ordinance was not published as required by Chapter 380.7(3) of the Code of Iowa.

Recommendation: We recommend the City put procedures in place to ensure compliance with the Code of Iowa and publish ordinances as required.

Response and Corrective Action Plan: The City agrees with the recommendation and will put procedures in place to ensure compliance.

Conclusion: Response accepted.

IV-H-25
Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investment policy were noted.

IV-I-25
Revenue Notes – There were no instances of noncompliance with revenue note provisions.

IV-J-25
Annual Urban Renewal Report – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.

IV-K-25
Payment of General Obligation Bonds – The City appears to be in compliance with Chapter 384.4 of the Code of Iowa.

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Johnston

THRIVE. EVERY DAY.

City of Johnston, Iowa

Corrective Action Plan
Year Ended June 30, 2025

	Findings	Corrective Action Plan	Anticipated Date of Completion
Other findings related to statutory reporting:			
IV-G-25	Finding 1: The minutes of the October 21, 2024 Concil meeting were not delivered to the newspaper within 15 days as required by Chapter 372.13(6) of the Code of Iowa.	See response and corrective action plan at IV-G-25.	Fiscal Year 2026
	Finding 2: The final reading of ordinance #1132 was approved at the March 3, 2025 meeting. The ordinance was not published as required by Chapter 380.7(3) of the Code of Iowa.		

6221 MERLE HAY ROAD
PO BOX 410
JOHNSTON, IA 50131-0410

CITY HALL: (515) 278-2344
FAX, (515) 278-2033

cityofjohnston.com

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Johnston, State of Iowa (the "Issuer"), in connection with the issuance of $_________________ General Obligation Bonds, Series 2026A (the "Bonds") dated September 9, 2026. The Bonds are being issued pursuant to a Resolution of the Issuer approved on August 17, 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 Bonds 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 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"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 Bonds, as recorded in the registration books of the Registrar.

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

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

"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 Bonds, dated _______________, 2026.

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

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission (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 twelve (12) months after the end of the Issuer's fiscal year (presently June 30th), 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 captions "Iowa Property Tax Assessments", "Property Valuations", "Valuation By Class of Property", "Trend of Valuations", "Debt Limit", "Direct Debt", "Annual Fiscal Year Debt Service Payments", "Larger Taxpayers", "Levies and Tax Collections", and "Tax Rates".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which 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 Bonds 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 Bonds 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 Bonds, or material events affecting the tax-exempt status of the Bonds;

vii. Modifications to rights of Holders of the Bonds, if material;

viii. Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;

ix. Defeasances of the Bonds;

x. Release, substitution, or sale of property securing repayment of the Bonds, if material;

xi. Rating changes on the Bonds;

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 Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds 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 Bonds, 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 Bonds, 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 Bonds 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 Bonds.

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 Bonds 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 Bonds.

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

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: 9th day of September, 2026.

CITY OF JOHNSTON, 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 Johnston, Iowa.

Name of Bond Issue: $_________________ General Obligation Bonds, Series 2026A

Dated Date of Issue: September 9, 2026

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

Dated: __________ day of _______________, 20___.

CITY OF JOHNSTON, STATE OF IOWA

By: ____________________________________
Its: ____________________________________

OFFICIAL BID FORM

To: City Council of Johnston, Iowa

Sale Date: August 3, 2026
10:00 A.M., CDT

RE: $14,245,000* General Obligation Bonds, Series 2026A (the "Bonds")

This bid is a firm offer for the purchase of the Bonds identified in the TERMS OF OFFERING and on the terms set forth in this OFFICIAL BID FORM and TERMS OF OFFERING, and is not subject to any conditions, except as permitted by the TERMS OF OFFERING.

For all or none of the above Bonds, in accordance with the TERMS OF OFFERING, we will pay you $_______________ (not less than $14,074,060) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

Coupon	Maturity	Yield	Coupon	Maturity	Yield
__________	2027	__________	__________	2037	__________
__________	2028	__________	__________	2038	__________
__________	2029	__________	__________	2039	__________
__________	2030	__________	__________	2040	__________
__________	2031	__________	__________	2041	__________
__________	2032	__________	__________	2042	__________
__________	2033	__________	__________	2043	__________
__________	2034	__________	__________	2044	__________
__________	2035	__________	__________	2045	__________
__________	2036	__________	__________	2046	__________

* Preliminary; subject to change. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or decrease by the City or its designee after the determination of the successful bidder. The City may increase or decrease each maturity in increments of $5,000 but the total amount to be issued will not exceed $14,600,000. Interest rates specified by the successful bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the City.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of bond principal. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the successful bidder.

We hereby designate the following Bonds to be aggregated into term bonds maturing on June 1 of the following years and in the following amounts (leave blank if no term bonds are specified):

Years Aggregated	Maturity Year	Aggregate Amount
_______ through _______	______________	______________
_______ through _______	______________	______________
_______ through _______	______________	______________

In making this offer we accept all of the terms and conditions of the TERMS OF OFFERING published in the Preliminary Official Statement dated July 20, 2026 and represent we are a bidder with an established industry reputation for underwriting new issuances of municipal bonds. In the event of failure to deliver the Bonds in accordance with the TERMS OF OFFERING, as printed in the Preliminary Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $__________________________

TRUE INTEREST COST: __________________________% (Dated date September 9, 2026)

Account Manager: ____________________________________ By: ____

Account Members: ____

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Johnston, Iowa, this 3rd day of August, 2026.

Attest: ____ By: ____

Title: ____ Title: ____