

Agenda: Newton City Council

City Council Meeting

Council Chambers, 101 W 4th St S. or via Zoom
(<https://us02web.zoom.us/j/83564044015>), Join zoom
via phone: (call 312-626-6799 & enter ID # 83564044015),
Mediacom Channels: 12/85/121.12, Website Streaming:
Newtongov.org / I want to “view” Livestream of City
Council Meetings.

March 15, 2021 6:00 p.m.
Newton, Iowa 50208

You can participate in the meeting or you can comment on an agenda item by joining the Zoom meeting and raising your hand to be recognized (must remain on mute until recognized/via phone dial *9 (star 9), this will notify City staff that you have “raised your hand” for public comment), submitting via email to cityofnewton@newtongov.org before 5:00 PM the day of the meeting or, during the meeting, you can call 641-792-2787, extension 2007.

Pledge	Pledge of Allegiance
Call to Order	1. Roll Call
Presentation	2. HIRTA Public Transit Update - Brooke Ramsey, Business Development Manager
Citizen Participation	3. This is the time of the meeting that a citizen may address the Council on matters that are included in the consent agenda or a matter that is not on the regular agenda. After being recognized by the Mayor, each person will be given three (3) minutes to speak. Comments and/or questions must be related to City polices or the provision of City services and shall not include derogatory statements or comments about any individual. Except in cases of legal emergency, the City Council cannot take formal action at the meeting, but may ask the City staff to research the matter or have the matter placed on a subsequent agenda.
Consent Agenda	4. March 01, 2021 Regular City Council Meeting Minutes 5. March 04, 2021 Special City Council Meeting Minutes 6. Approve Liquor Licenses for the following: Newton KOA, 1610 E 36 th St S, BC0030734, Class C Beer Permit, Class B Native Wine Permit, Sunday Sales, pending staff approval; West End, 1321 1 st Ave W, BC0023868, Class C Beer Permit, Sunday Sales. 7. Certify Promotional List for Lieutenant; Certify Promotional List for Sergeant; Certify Candidate List for Police Officers 8. Resolution reappointing David Zellinger to serve on the Civil Service Commission for a term ending April 1, 2025. (No Council Report) 9. Resolution appointing representatives to the Animal Protection and Control review committee. (No Council Report)

10. Resolution levying assessments for costs of nuisance abatement and providing for the payment thereof (Schedule 21-02). (Council Report 21-060)
11. Resolution accepting completion of the 2020 Tree Removal Project No. 3 – Union Cemetery. (Council Report 21-061)
12. Resolution accepting completion of the 2020 Tree Removal Project No. 1 - Public Right-of-Way Trees. (Council Report 21-062)
13. Resolution approving the 2021 Independence Day Fireworks Proposal and Covid-19 Addendum. (Council Report 21-063)
14. Resolution approving Engineering Design Services Agreement to Close Cells B and C. (Council Report 21-064)
15. Resolution awarding contract for the Public Works Middle Bay Electrical Improvements Project. (Council Report 21-065)
16. Resolution approving grant application from Heart of Iowa Regional Transit Agency to Iowa Economic Development, Rural Innovation. (Council Report 21-066)
17. Resolution approving refund of over-payment of sale proceeds for 1803 1st Avenue East. (Council Report 21-067)
18. Resolution amending Resolution 2020-285 to provide stipend to Catalyst Development Newton LLC for the consulting services required for the Iowa Reinvestment District Application. (Council Report 21-068)
19. Resolution ordering Clerk to publish notice and fixing a date for a Public Hearing on the FY22 - FY26 Capital Improvement Plan (CIP). (Council Report 21-069)
20. Approve Bills
21. Public Hearing on a Resolution Approving the 2021-22 Operating Budget for the City of Newton. (Council Report 21-070)

Public Hearing

- From December 7, 2020 thru February 1, 2021, City Council held budget work sessions to determine the FY22 operating budget. Consistent with the State of Iowa deadline, Council set the required public hearing for March 15, 2021 at the March 1st meeting.
- In summary, the proposed 2021-22 Operating Budget includes the following:
 - Sets the City tax levy at \$17.14/1,000, the same as the current year.
 - Maintains the undesignated fund balance in the General Fund to be at 25% of expenditures according to adopted financial policies.
 - Retains current staffing levels with COLA and step increases for Union and Pay Plan positions.
 - Includes equipment and projects as outlined in the CIP, sewer plant improvements, and several street improvements throughout the community.

Ordinance

22. Resolution Approving the 2021-22 Operating Budget for the City of Newton. (Council Report 21-070)
23. Third Consideration of an Ordinance amending the Code of Ordinances, City of Newton, Iowa, 2016, Title VII, Chapter 70, Section 70.15, "Traffic and Parking Schedules Adopted by Reference", to make changes to street parking in the 200 block of West Ninth Street North. (Council Report 21-041)
 - The City received safety concerns regarding street parking in the 200 block of W 9th St N. The Traffic Safety Committee reviewed the situation and recommends restricting parking on the west side of W 9th St N from 1st Ave W to a point 175 feet north of the centerline of N 2nd Ave W.
 - The Traffic Safety Committee also recommends restricting parking on the east side beginning 125 feet north of the centerline on N 2nd Ave W, continuing to a point 165 feet north of the centerline on N 2nd Ave W.
 - 11 surveys were sent to adjacent property owners with 1 resident being in favor of the proposed changes and 1 opposed.
24. Third Consideration of an Ordinance amending the Code of Ordinances, City of Newton, Iowa, 2016, Title VII, Chapter 70, Section 70.15, "Traffic and Parking Schedules Adopted by Reference", to make changes to street parking in the 400-500 block of West Tenth Street North and the 900 block of North Fifth Ave West. (Council Report 21-042)
 - The City received safety concerns regarding street parking in the 400-500 block of W 10th St N and the 900 block of N 5th Ave W.
 - The Traffic Safety Committee reviewed the situation and recommends restricting parking in various sections. 30 surveys were sent to adjacent property owners with 9 residents being in favor of the proposed changes and 2 opposed.
25. Third Consideration of an Ordinance amending the Code of Ordinances, City of Newton, Iowa, 2016, Title VII, Chapter 70, Section 70.15, "Traffic and Parking Offenses Adopted by Code Reference" by adding a "No Right Turn on Red" designation on the south quadrant of the East Twelfth Street and First Avenue intersection. (Council Report 21-043)
 - The City received safety concerns regarding vehicles turning right on 1st Ave from E 12th St when the traffic signal was red. A sight triangle analysis of the intersection was conducted and City staff found the sight line to be insufficient for vehicles to safely turn right on red.
 - The Traffic Safety Committee recommends designating the south quadrant of the E 12th St and 1st Ave intersection as "No Right Turn on Red".
26. Second Consideration of an ordinance amending the Code of Ordinances, City of Newton, Iowa, 2016, Title IX, Chapter 94: Public Nuisances, Revisions and/or additions related to outside parking and storage of vehicles and trailers on residential property. (Council Report 21-054)

- Chapter 94: Public Nuisances of the City Code of Ordinances addresses numerous potential nuisance code violations, with this proposed ordinance change related to outside parking and storage of vehicles and trailers on residential property.
- The City recognizes that property owners may own a business or work for a business that allows them to bring a company vehicle home, however large commercial vehicles or equipment in residential areas has detrimental and blighting impacts upon the residential quality and character of such neighborhoods.

Resolutions

27. Resolution Authorizing the Purchase and Placement of Seasonal Floral Planters in the Newton Downtown by the Newton Downtown SSMID Board. (Council Report 21-071)
 - The SSMID Board voted to purchase 10 Floral Planters to be placed along 1st Avenue East and West, from West 4th Street to East 4th Street at their meeting on February 9, 2021.
 - The Resolution authorizes the \$3,790.00 expense and the general placement of the planters along 1st Avenue East and West.
28. Resolution expressing intent to provide economic development support to Best Midwest Properties, LLC. (Council Report 21-072)
 - Best Midwest Properties, LLC has made an offer to purchase 109 1st Avenue West and plans to fill the vacancy and make improvements to the building. City incentives in the form of a forgivable loan are needed. The resolution of intent provides understanding to the developer during the due diligence phase and for a \$25,000 forgivable loan.
 - An amendment to the urban renewal plan as well as redevelopment agreement between the City and the developer on this matter will also require City Council action at a future meeting.
29. Resolution approving Bond Purchase Agreement for the sale of General Obligation Corporate Purpose Bonds, Series 2021A. (Council Report 21-073)
 - The City Council held a public hearing on March 1, 2021 in regards to the issuing of the 2021A General Obligation Corporate Purpose Bonds in the amount not to exceed not to exceed \$2,970,000. The approval of a bond purchase agreement is the next step in the bonding process.
 - The projects and equipment included in the 2021A are consistent with the proposed CIP and FY22 Budget.
30. Resolution approving Bond Purchase Agreement for the sale of Taxable General Obligation Corporate Purpose Bonds, Series 2021B. (Council Report 21-074)
 - The City Council held a public hearing on March 1, 2021 in regards to the issuing of the 2021B Taxable Bonds not to exceed \$435,000. The approval of a bond purchase agreement is the next step in the bonding process.
 - The proceeds from this bond will be used to continue the City's D&D program.

31. Resolution approving Bond Purchase Agreement for the Sale of Sewer Revenue Bonds, Series 2021C. (Council Report 21-075)
- The City Council held a public hearing on March 1, 2021 in regards to the issuing of the 2021C Sewer Revenue Bonds not to exceed \$5,900,000. The approval of a bond purchase agreement is the next step in the bonding process.
 - The proposed 2021C Sewer Revenue Bonds include the following projects: Jet/Vac Truck Replacement - \$440,000; WPC Plant Improvements - \$3,560,000; WPC SW Sewage Pump Station Pumps - \$1,000,000.
32. Resolution approving Bond Purchase Agreement for the sale of Road Use Tax Revenue Bonds, Series 2021D. (Council Report 21-076)
- The City Council held a public hearing on March 1, 2021 in regards to the issuing of the 2021D Road Use Tax Revenue Bonds not to exceed \$2,355,000. The approval of a bond purchase agreement is the next step in the bonding process.
 - The proposed 2021D Road Use Tax Revenue Bonds include the following projects: Reconstruction of East 3rd Street South & East 2nd Street South; Reconstruction of West 3rd Street South & West 2nd Street South; and Asphalt Mill/Overlay of various streets throughout the community.
33. Resolution Accepting Agreement with Metlife Insurance for Dental and Vision Coverage. (Council Report 21-077)
- Each year staff reviews renewal rates from our benefit providers and gets bids from other providers as a comparison. MetLife has provided quotes for dental and vision coverage.
 - By moving to MetLife the City will save 5% on dental insurance premiums and employees would not incur a 5% increase on their volunteer vision coverage for FY22.

Mayor/Council Comments

34.

Adjourn

The City of Newton is pleased to provide reasonable accommodations, in compliance with the Americans with Disabilities Act, for those individuals or groups who require assistance to be able to participate in the public meeting. Should special accommodations be required, please contact the City Clerk's Office at least 48 hours in advance of the meeting, at 641-792-2787 to arrange for accommodations to be provided.

REGULAR CITY COUNCIL MEETING MINUTES
MARCH 01, 2021, 6:00 P.M.
CITY COUNCIL CHAMBERS

The City Council of Newton, Iowa met in regular session at 6:00 P.M. on the above date in the Council Chambers at 101 West 4th Street South and via an electronic meeting (pursuant to Iowa Code section 21.8) because a meeting in person is impossible or impractical due to concerns for the health and safety of council members, staff, and the public due to COVID-19. Mayor Hansen presided. Present Council Members: Hallam, Stonner, George, Ervin, Trotter, Mullan. Absent: None.

Mayor Hansen asked everyone present to join in saying the Pledge of Allegiance.

Jim Sparks, Jasper County Coordinator, Jasper County Emergency Management, provided an update from the Jasper County EOC and a recap on the Derecho.

There was no citizen participation.

Moved by Stonner, seconded by George to approve consent agenda items 4-10.

4. February 15, 2021 Regular City Council Meeting Minutes
5. Resolution Fixing the Amounts to be assessed against individual private properties for the abatement of nuisance violations (Schedule No. 21-02). Resolution 2021-044 adopted.
6. Resolution Setting a Public Hearing Date to Approve the 2021-22 Operating Budget for the City of Newton. Resolution 2021-045 adopted.
7. Resolution Approving Applications for Exemption in the City-Wide Urban Revitalization Area. Resolution 2021-046 adopted.
8. Resolution awarding contract for the Demolition 2021-01 Project. Resolution 2021-047 adopted.
9. Resolution Approving Pump Repair of the Ladder Truck. Resolution 2021-048 adopted.
10. Approve Bills

AYES: Six. NAYS: None. Consent agenda items approved.

Mayor Hansen stated that this is the time and place for a Public Hearing on a Resolution to enter into General Obligation Loan Agreement #1 and to borrow money thereunder in a principal amount not to exceed \$700,000. There were no written comments. Moved by Mullan, seconded by Trotter, to close the public hearing. AYES: Six. NAYS: None. The public hearing was closed.

Mayor Hansen stated that this is the time and place for a Public Hearing on a Resolution to enter into General Obligation Loan Agreement #2 and to borrow money thereunder in a principal amount not to exceed \$550,000. There were no written comments. Moved by George, seconded by Hallam, to close the public hearing. AYES: Six. NAYS: None. The public hearing was closed.

Mayor Hansen stated that this is the time and place for a Public Hearing on a Resolution to enter into an Essential Purpose Loan Agreement in a principal amount not to exceed \$2,400,000. There were no written comments. Moved by Ervin, seconded by Trotter, to close the public hearing. AYES: Six. NAYS: None. The public hearing was closed.

Moved by Trotter, seconded by Ervin to adopt a Resolution taking additional action on proposal to enter into General Obligation Loan Agreements, combining Loan Agreements and authorizing the use of a Preliminary Official Statement in connection therewith. AYES: Six. NAYS: None. Resolution 2021-049 adopted.

Mayor Hansen stated that this is the time and place for a Public Hearing on a Resolution taking additional action on proposal to enter into a Sewer Revenue Loan Agreement and authorizing the use of a preliminary official statement in connection therewith. There were no written comments. Moved by Hallam, seconded by George, to close the public hearing. AYES: Six. NAYS: None. The public hearing was closed. Moved by Hallam, seconded by Trotter to adopt a Resolution. AYES: Six. NAYS: None. Resolution 2021-050 adopted.

Mayor Hansen stated that this is the time and place for a Public Hearing on a Resolution taking additional action on proposal to enter into a Road Use Tax Revenue Loan Agreement and authorizing the use of a preliminary official statement in connection therewith. There were no written comments. Moved by Stonner, seconded by Ervin, to close the public hearing. AYES: Six. NAYS: None. The public hearing was closed. Moved by Mullan, seconded by George to adopt a Resolution. AYES: Six. NAYS: None. Resolution 2021-051 adopted.

Moved by Trotter, seconded by Hallam, to approve the second consideration of an Ordinance amending the Code of Ordinances, City of Newton, Iowa, 2016, Title VII, Chapter 70, Section 70.15, "Traffic and Parking Schedules Adopted by Reference", to make changes to street parking in the 200 block of West Ninth Street North. AYES: Four. NAYS: George, Ervin. Second consideration passed.

Moved by Hallam, seconded by Trotter, to approve the second consideration of an Ordinance amending the Code of Ordinances, City of Newton, Iowa, 2016, Title VII, Chapter 70, Section 70.15, "Traffic and Parking Schedules Adopted by Reference", to make changes to street parking in the 400-500 block of West Tenth Street North and the 900 block of North Fifth Ave West. AYES: Six. NAYS: None. Second consideration passed.

Moved by Trotter, seconded by George, to approve the second consideration of an Ordinance amending the Code of Ordinances, City of Newton, Iowa, 2016, Title VII, Chapter 70, Section 70.15, "Traffic and Parking Offenses Adopted by Code Reference" by adding a "No Right Turn on Red" designation on the south quadrant of the East Twelfth Street and First Avenue intersection. AYES: Five. NAYS: Ervin. Second consideration passed.

Moved by Trotter, seconded by Stonner, to approve the first consideration of an ordinance amending the Code of Ordinances, City of Newton, Iowa, 2016, Title IX, Chapter 94: Public Nuisances, Revisions and/or additions related to outside parking and storage of vehicles and trailers on residential property. Council discussion ensued regarding regulating property in this manner. AYES: Four. NAYS: Hallam, Ervin. First consideration passed.

Moved by Hallam, seconded by Stonner to adopt a Resolution approving the pass-through grant agreement between the City of Newton and Jasper County for the purpose of applying for a Historic Resource Development Program Grant. AYES: Six. NAYS: None. Resolution 2021-052 adopted.

Moved by Trotter, seconded by Ervin to adopt a Resolution approving the granting of Downtown Improvement Grant Funds for 107 1st Avenue West. AYES: Six. NAYS: None. Resolution 2021-053 adopted.

Moved by Stonner, seconded by George to adopt a Resolution authorizing the submittal of the USDOT Standard Title VI/Non-Discrimination Assurances document and Iowa DOT Title VI Non-Discrimination Agreement. AYES: Six. NAYS: None. Resolution 2021-054 adopted.

Moved by George, seconded by Trotter to adopt a Resolution approving updates to the City Mission and Value Statements. AYES: Six. NAYS: None. Resolution 2021-055 adopted.

Brian Laube, Community Services Director, lead a discussion regarding the proposed downtown splash pad project at 224 W 3rd St N. Costs are still being reviewed with the different options. Additional details still need to be determined. Additional information will be provided to the Council.

Rob Burdess, Police Chief, provided a 2020 Police Department Recap. There was a 2.28% decrease in calls for service and a 25% increase in traffic stops. Property crimes decreased. Incidents reported decreased by 6% and Violent Property Crime decreased by 34%. Public/Society Crimes increased by 2%. 2021 projects were introduced including animal control initiatives, strategic plan, and a community engagement officer.

During Mayor/Council comments Hallam announced that he was reminded by HPC Chair Larry Hurto that Newton was founded 175 years ago this summer. He congratulated the HPC Commissioners and Erin Chambers, Community Development Director, on getting the two new Historic Districts created. Mullan reminded everyone to go vote on the County Bond. Hansen updated council on the status of the Urban Renewal proposal to the County for Westwood Golf Course. The County Supervisors did not approve the URA due to their belief that this question should be a ballot decision. Mayor Hansen disagrees due to the governance differences in the city and the county as well as the difference in funding they were asking for. He will be pursuing other measures. Mayor Hansen also thanked all of the Fire/EMS for recognizing all of the Council for their continued support for their department.

Moved by Trotter, seconded by Hallam to adjourn the meeting at 7:35 P.M. Motion unanimously carried by voice vote.

Michael L. Hansen, Mayor

Katrina Davis, City Clerk

SPECIAL CITY COUNCIL MEETING MINUTES
MARCH 04TH, 2021, 12:00 PM
ELECTRONIC MEETING

The City Council of Newton, Iowa met in special session at 12:00 P.M. on the above date via an electronic meeting (pursuant to Iowa Code section 21.8) because a meeting in person is impossible or impractical due to concerns for the health and safety of council members, staff, and the public due to COVID-19. Mayor Mike Hansen presided. Present Council Members: Hallam, Stonner, George, Ervin, and Mullan. Absent: Trotter.

Moved by Stonner, seconded by Mullan to go into closed session To Discuss Strategy with Counsel in Matters that Are Presently in Litigation or Where Litigation is Imminent Where its Disclosure Would be Likely to Prejudice or Disadvantage the Position of the Governmental Body in that Litigation, Which Discussions are Exempt from the Open Meetings Law Pursuant to the Provision of Section 21.5(1)(c), Code of Iowa 2021. AYES: Five. NAYS: None. Motion carried.

Moved by George, seconded by Mullan to return to open session. AYES: Five. NAYS: None. Motion carried.

Moved by George, seconded by Hallam to adjourn the meeting at 12:40 PM.

Michael L. Hansen, Mayor

Katrina Davis, City Clerk

RESOLUTION NO. 2021-_____

**RESOLUTION REAPPOINTING DAVID ZELLINGER TO SERVE
ON THE CIVIL SERVICE COMMISSION FOR A TERM ENDING
APRIL 1, 2025**

WHEREAS, David Zellinger’s term on the Civil Service Commission expires on April 1, 2021 and

WHEREAS, David Zellinger has expressed an interest in continuing to serve on the Civil Service Commission and is qualified to serve on the Civil Service Commission;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Newton, Iowa, that David Zellinger is hereby reappointed to the Civil Service Commission for a term expiring April 1, 2025.

PASSED this _____ day of March, 2021.

APPROVED this _____ day of March, 2021.

Michael L. Hansen, Mayor

(SEAL)

ATTEST:

Katrina Davis, City Clerk

RESOLUTION NO. 2021 - _____

**RESOLUTION APPOINTING REPRESENTATIVES TO THE ANIMAL
PROTECTION AND CONTROL REVIEW COMMITTEE**

WHEREAS, On November 10, 2014 City Council adopted changes to Chapter 90 of the Code of Ordinances "Animal Protection and Control" regarding problematic and vicious dogs; and

WHEREAS, the Ordinance indicates that the owner may request a hearing before a Review Committee regarding the determination by sending a written notice to the City Clerk within fifteen (15) days after the date of notice; and

WHEREAS, a hearing concerning the determination be held within thirty (30) days after receipt by the City of the request for hearing; and

WHEREAS, if any dog previously determined to be a Problematic or Vicious Dog has not exhibited any of the behaviors specified in §90.51 within twelve (12) months since the date of the Problematic Dog determination, then that dog is eligible for a review of the determination by the Review Committee with the potential for lifting the requirements of this section; and

WHEREAS, a Review Committee be appointed by the City Council consisting of a minimum of three (3) people including a member of the public, a dog professional and a City employee.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Newton, Iowa, that Robin Harter, a member of the public; Missy Hobbs, a member of the public; Sharon Wallway, an animal professional; Juli Johnson, an animal professional; and an undesignated City employee representative, be appointed to the Animal Protection and Control Review Committee for a term ending on December 31, 2023

PASSED this _____ day of March, 2021.

APPROVED this _____ day of March, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report

**Item:**

Resolution levying assessments for costs of nuisance abatement and providing for the payment thereof (Schedule 21-02).

Report Number: 21-060

Date:

March 15, 2021

Summary:

The City of Newton abated some nuisances, such as tall grass/weeds and/or trash. These costs remain unpaid by the property owner(s) and should be assessed to the property taxes.

Lead Department:

Community Services

Recommendation:

Approve

Financial Impact:

Cost Recovery: \$1,036.56

Background:

At their last meeting, City Council approved a Schedule of Assessment for the Expenses of Nuisance Abatement. The total amount for cost recovery is \$1,036.56. The attached schedule lists owner, parcel number, address, amount to be assessed, date work was completed, property legal description, and property valuation.

With the approval of this resolution, the costs expended by the City for the abatement of nuisances will be placed on the taxes as a special assessment for each property.

Recommendation:

Staff recommends approval of the resolution levying assessments for costs of nuisance abatement and providing for the payment thereof (Schedule 21-02).

A handwritten signature in black ink, appearing to read "Rob Burdess", is written over a light gray horizontal line.

Rob Burdess
Acting City Administrator

RESOLUTION NO. 2021 – _____

**RESOLUTION LEVYING ASSESSMENTS FOR COSTS OF
NUISANCE ABATEMENT AND PROVIDING FOR THE
PAYMENT THEREOF (SCHEDULE 21-02)**

WHEREAS, pursuant to its powers and duties as set out in Chapter 364, Code of Iowa, the City of Newton, after the property owner's failure upon being given notice and opportunity to cure, has performed the required action to abate the public nuisance and now seeks, as provided in 364.12, Code of Iowa, to assess the costs of such action against each of the properties set out on the attached Schedule No. 21-02 for collection in the same manner as the property tax.

NOW, THEREFORE, BE IT RESOLVED, that the attached Schedule No. 21-02, is hereby approved and adopted with the amounts shown thereon assessed and levied against each property for the collection in the same manner as a property tax.

BE IT FURTHER RESOLVED, that said assessments shall be payable in 1 annual installment and shall bear interest at the rate of 3.88 percent per annum, from the date of the acceptance of this assessment schedule; the one installment of each assessment with interest on the whole assessment from date of acceptance of this schedule by the Council shall become due and payable on April 14, 2021, and shall be paid at the same time and in the same manner as the semiannual payment of ordinary taxes. Said assessment shall be payable at the office of the County Treasurer of Jasper County, Iowa, in full and without interest within thirty days after first date of publication of the Notice to Property Owners of filing the schedule of assessments.

BE IT FURTHER RESOLVED, that the Clerk be and is hereby directed to certify said schedule to the County Treasurer of Jasper County, Iowa and to publish notice of said certification once each week for two consecutive weeks in the Newton Daily News, a newspaper printed wholly in the English language, published in Newton, Iowa, and of general circulation in Newton, Iowa, the first publication of said notice to be made within fifteen days from the date of the filing of said schedule with the County Treasurer, the City shall send by regular mail to all property owners whose property is subject to assessment a copy of said notice, said mailing to be on or before the date of the second publication of the notice all as provided and directed by Code Section 384.60, Code of Iowa.

PASSED this _____ day of March, 2021.

APPROVED this _____ day of March, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

Schedule 21-02: Assessment for the Expenses for Nuisance Abatement

Deed/Contract Holder	Parcel Number	Property Address	City	Net Assessed Property Value	Abatement Fee	Admin. Fee	Total Amount Assessed	Legal	Date Abated
Janet Corey	833283027	602 S 5th Ave W	Newton	\$173,780	\$65.00	\$75.00	\$140.00	WEST NEWTON LOT 16 BLK D	1/7/2021
Ricky Ray Clement	827279007	1024 N 11th Ave E	Newton	\$78,270	\$90.00	\$75.00	\$165.00	DODGE'S SD E 95' LOT 1 & S 40' OF E 95' LOT 6 BLK 2 & S 150' OUTLOT C	1/11/2021
Melissa Sparks	834201010	609 N 4th Ave E	Newton	\$35,790	\$371.56	\$75.00	\$446.56	COONEY'S SD W 1/2 LOT C	1/8/2021
Roger & Rose James	827452021	607 E 7th St N	Newton	\$88,380	\$65.00	\$75.00	\$140.00	COWLE'S ADD LOTS 12-13 BLK 1	1/20/2021
Farrell Properties Inc	833428004	503 S 5th Ave W	Newton	\$99,370	\$70.00	\$75.00	\$145.00	COLLEGE ADD LOT 4 BLK 3	1/22/2021
Total							\$1,036.56		

City of Newton Council Report

**Item:**

Resolution accepting completion of the 2020 Tree Removal Project No. 3 – Union Cemetery

Report Number: 21-061

Summary:

Accept completion of a contract to complete the removal of, or trimming on, 77 trees in Union Cemetery.

Date:

March 15, 2021

Lead Department:

Public Works

Financial Impact:

Council previously approved a contract for \$148,000.00 on October 19, 2020; and this action would accept the project and authorize payment of the retainage amount of \$7,400.00.

Recommendation:

Approve

Background:

The Derecho Storm on Monday August 10, 2020 devastated trees located within the Maytag Park. The damaged trees created a safety hazard to park guests, and also left an unsightly appearance.

This project consists of the complete removal of, or trimming work on, 77 trees in Union Cemetery. Tree removal on this scale would require more time and equipment than City of Newton staff possess.

City Council passed a resolution on October 19, 2020 awarding a contract to DW Tree Service of Newton, Iowa in the amount of \$148,000.00. The Public Works Director has signed the Statement of Completion Form stating that the project has been substantially completed in general compliance with the terms, conditions, and stipulations of said contract. The final contract amount, based on actual measured quantities of work completed is \$148,000.00.

Recommendation:

City staff recommends accepting the completion of the 2020 Tree Removal Project No. 3 – Union Cemetery and authorizing the retainage amount of \$7,400.00 to be paid to the contractor no sooner than 30 days after approval of this resolution should no claims be on file.

Rob Burdess
Acting City Administrator

RESOLUTION 2021- _____

**RESOLUTION ACCEPTING COMPLETION OF THE 2020 TREE
REMOVAL PROJECT NO. 3 – UNION CEMETERY**

WHEREAS, the Derecho Storm on Monday August 10, 2020 devastated trees located within Maytag Park; and

WHEREAS, the damaged trees created a safety hazard to park guests, and also left an unsightly appearance; and

WHEREAS, this project included the complete removal of, or trimming work on, 77 trees in Union Cemetery; and

WHEREAS, tree removal on this scale would require more time and additional equipment than City of Newton staff possess; and

WHEREAS, after Community Services staff identified the trees needing removed and trimmed, plans and specifications for the proposed 2020 Tree Removal Project No. 3 – Union Cemetery were placed out to bid; and

WHEREAS, bids were received and opened on October 13, 2020; and

WHEREAS, the City Council of the City of Newton awarded a contract to DW Tree Service of Newton, Iowa in the amount of \$148,000.00 on October 19, 2020 for the 2020 Tree Removal Project No. 3 – Union Cemetery; and

WHEREAS, DW Tree Service has completed their work, and the Public Works Director has signed the Statement of Completion Form stating that the project has been substantially completed in general compliance with the terms, conditions, and stipulations of said contract.

WHEREAS, the final contract amount, based on actual measured quantities of work completed, is \$148,000.00 and will be paid utilizing FEMA reimbursement for 75% at \$111,000.00, State reimbursement for 10% at \$14,800.00 and the remaining \$22,200.00 will be paid from City of Newton Capital funds.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Newton, Iowa that the City of Newton hereby accepts completion of the project, and authorizes the Public Works Director to execute payment of the retainer in the amount of \$7,400.00 to DW Tree Service no sooner than 30 days after approval of this resolution, should no claims be on file.

PASSED this _____ day of March, 2021.

APPROVED this _____ day of March, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report

**Item:**

Resolution accepting completion of the 2020 Tree Removal Project No. 1 - Public Right-of-Way Trees

Report Number: 21-062

Summary:

Accept completion of a contract to complete the removal of, or trimming on, 101 trees in the City of Newton public right-of-way.

Date:

March 15, 2021

Lead Department:

Public Works

Recommendation:

Approve

Financial Impact:

Council previously approved a contract for \$101,324.10 on October 19, 2020; and this action would accept the project and authorize payment of the retainage amount of \$2,923.72.

Background:

The Derecho Storm on Monday August 10, 2020 devastated trees across Newton. The damaged trees created a safety hazard, and left also an unsightly appearance.

This project consists of the complete removal of, or trimming work on, 101 trees in the City of Newton public right-of-way. Tree removal on this scale would require more time and equipment than City of Newton staff possess.

City Council passed a resolution on October 19, 2020 awarding a contract to Breman and Sons Tree Service of Rose Hill, Iowa in the amount of \$101,324.10. The Public Works Director has signed the Statement of Completion Form stating that the project has been substantially completed in general compliance with the terms, conditions, and stipulations of said contract. The final contract amount, based on actual measured quantities of work completed is \$97,457.49.

Recommendation:

City staff recommends accepting the completion of the 2020 Tree Removal Project No. 1- Public Right-of-Way Trees and authorizing the retainage amount of \$2,923.72 to be paid to the contractor no sooner than 30 days after approval of this resolution should no claims be on file.

A handwritten signature in black ink, appearing to read "Rob Burdess", is written in a cursive style.

Rob Burdess
Acting City Administrator

RESOLUTION 2021- _____

**RESOLUTION ACCEPTING COMPLETION OF THE 2020 TREE
REMOVAL PROJECT NO. 1 – PUBLIC RIGHT-OF-WAY TREES**

WHEREAS, the Derecho Storm on Monday August 10, 2020 devastated trees across Newton; and

WHEREAS, the damaged trees created a safety hazard, and also left an unsightly appearance; and

WHEREAS, this project included the complete removal of, or trimming work on, 101 trees in the public right-of-way; and

WHEREAS, tree removal on this scale would require more time and additional equipment than City of Newton staff possess; and

WHEREAS, after Community Services staff identified the trees needing removed and trimmed, plans and specifications for the proposed 2020 Tree Removal Project No. 1 - Public Right-of-Way Trees were placed out to bid; and

WHEREAS, bids were received and opened on October 13, 2020; and

WHEREAS, the City Council of the City of Newton awarded a contract to Breman and Sons Tree Service of Rose Hill, Iowa in the amount of \$101,324.10 on October 19, 2020 for the 2020 Tree Removal Project No. 1 – Public Right-of-Way Trees; and

WHEREAS, Breman and Sons Tree Service has completed their work, and the Public Works Director has signed the Statement of Completion Form stating that the project has been substantially completed in general compliance with the terms, conditions, and stipulations of said contract.

WHEREAS, the final contract amount, based on actual measured quantities of work completed, is \$97,457.49 which will be paid utilizing FEMA reimbursement for 75% at \$73,093.12, State reimbursement for 10% at \$9,745.75 and the remaining \$14,618.82 will be paid from City of Newton Capital funds.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Newton, Iowa that the City of Newton hereby accepts completion of the project, and authorizes the Public Works Director to execute payment of the retainer in the amount of \$2,923.72 to Breman and Sons Tree Service no sooner than 30 days after approval of this resolution, should no claims be on file.

PASSED this _____ day of March, 2021.

APPROVED this _____ day of March, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report

**Item:**

Resolution approving the 2021 Independence Day Fireworks Proposal and Covid-19 Addendum.

Report Number: 21-063

Date:

March 15, 2021

Summary:

Approval to prepay the 2021 show's costs to receive additional product for said show, and approval of an amendment to the agreement related to Covid-19.

Lead Department:

Community Services

Recommendation:

Approve

Financial Impact:

\$9,925.00 to be paid from the Fireworks item in the Parks budget.

Background:

On November 18, 2019 City Council passed Resolution 2019-235 approving a 3-year agreement with J & M Displays of Yarmouth, Iowa for the Independence Day fireworks displays in 2020, 2021, and 2022. This agreement provided for prepayment options which allowed the City to receive additional fireworks for the show. This resolution also approved payments to J & M Displays of up to \$9,500.00 annually for these three years. This 3-year agreement did not include specifics on the shows content (number of products shot, type, show duration, etc.).

In planning for the 2021 fireworks show, the Community Services Department requested that the proposal include approximately the same number of products shot in the 2019 and 2020 shows. Due to the increase in costs of fireworks products, the 2021 proposal carried a small price increase compared to the 2020 show. The 2021 proposal's agreement also includes an amendment related to Covid-19, which was not a consideration back in November 2019 when the 3-year agreement was approved. This amendment addresses possible show cancellations or delays due to potential effects of Covid-19.

Recommendation:

Staff recommends approval of this resolution authorizing signature of the 2021 fireworks show's agreement, the prepayment of the 2021 show's costs to receive additional product for said show, and approval of the amendment to said agreement related to Covid-19.

Rob Burdess
Acting City Administrator

RESOLUTION NO. 2021 – _____

RESOLUTION APPROVING THE 2021 INDEPENDENCE DAY FIREWORKS PROPOSAL AND COVID-19 ADDENDUM

WHEREAS, on November 18, 2019 City Council passed Resolution 2019-235 approving a 3-year agreement with J & M Displays of Yarmouth, Iowa for the Independence Day fireworks displays in 2020, 2021, and 2022; and

WHEREAS, said agreement provided for prepayment options which allowed the City to receive additional fireworks for the show; and

WHEREAS, said resolution also approved payments to J & M Displays of up to \$9,500.00 annually for these three years, but did not include specifics on the shows content (number of products shot, type, show duration, etc.); and

WHEREAS, in planning for the 2021 fireworks show, the Community Services Department requested that the proposal include approximately the same number of products shot in the 2019 and 2020 shows; and

WHEREAS, due to the increase in costs of fireworks products, the 2021 proposal carried a small price increase compared to the 2020 show; and

WHEREAS, the 2021 proposal's agreement also includes an amendment related to Covid-19, which addresses possible show cancellations or delays due to potential effects of Covid-19.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of Newton, Iowa, that the Mayor is to sign the 2021 fireworks show's agreement in the amount of \$9,925.00; with said cost to be paid from the Fireworks item in the Parks budget,

BE IT FURTHER RESOLVED, by the City Council of Newton, Iowa, that said agreement shall include the approval of prepayment of the show's costs by April 25, 2021 to receive an 8% bonus in fireworks products for the show.

BE IT FURTHER RESOLVED, by the City Council of Newton, Iowa, that the Mayor is to sign the Covid-19 Addendum to the 2021 fireworks show's agreement.

PASSED this _____ day of March, 2021.

APPROVED this _____ day of March, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk



J&M Displays Proposal for: City of Newton Independence Day

Main Event

Multi-shell Barrage Units

Quantity	Name	Rising Effect	Price	Total
1	Color Strobe 40 shot fan		\$166.40	\$166.40
1	1" 100 shot Z Shape - Variegated Comets w/Mine		\$298.60	\$298.60
1	Assorted Fan Cake Z W and S shape 100 shot		\$298.60	\$298.60
Category Shell Count: 240				\$763.60

3 Inch Salutes

Quantity	Name	Rising Effect	Price	Total
10	Titanium salute	Silver tail	\$10.85	\$108.50
Category Shell Count: 10				\$108.50

3 Inch Color Shells

Quantity	Name	Rising Effect	Price	Total
1	Blue to crackling		\$22.30	\$22.30
2	Crackling Willow Flower w/Silver Strobe Pistil w/Crackling Tail		\$22.30	\$44.60
2	Glittering willow waterfall	glitter tail	\$22.30	\$44.60
2	Nishiki kamuro niagara falls		\$22.30	\$44.60
1	Red to crackling		\$22.30	\$22.30
2	Reddish gamboge to magenta chrys		\$22.30	\$44.60
2	Silver nishiki kamuro		\$22.30	\$44.60
2	Silver palm tree with big silver tail		\$22.30	\$44.60
2	Six Angle chrysanthemum		\$22.30	\$44.60
2	Super Bright Gold Flitter Spider & Red & Blue w Tail		\$22.30	\$44.60
2	White strobe with red dahlia	glitter tail	\$22.30	\$44.60
1	White to crackling		\$22.30	\$22.30
1	Assortment E of 20 different J&M Brand shells ELECTRIC FIRE		\$230.00	\$230.00
1	Assortment P of 10 pairs (20 shells) of J&M Brand shells	mixed tails	\$230.00	\$230.00
1	Assortment Q of 20 different J&M Brand Shells ELECTRIC FIRE	mixed tails	\$230.00	\$230.00
1	Assortment W of 20 different J&M Brand shells ELECTRIC FIRE	mixed tails	\$230.00	\$230.00
Category Shell Count: 101				\$1,388.30

3 Inch Special Effect Shells

Quantity	Name	Rising Effect	Price	Total
2	Gold Strobe		\$30.65	\$61.30
1	Green with whistles (cylinder)	Large Brocade tail	\$48.55	\$48.55
1	Red and blue with whistles (cylinder)		\$48.55	\$48.55
Category Shell Count: 4				\$158.40



J&M Displays Proposal for: City of Newton Independence Day

Main Event

4 Inch Color Shells

Quantity	Name	Rising Effect	Price	Total
1	Blue peony with green pistil	Gold tail	\$22.30	\$22.30
1	CHANSAN SHELL - Mixed color peony		\$22.30	\$22.30
1	Gold willow with color pistil	Gold tail	\$22.30	\$22.30
1	Green and Purple chrysanthemum	Gold tail	\$22.30	\$22.30
1	Orange Dahlia		\$22.30	\$22.30
1	Two color dahlia assorted		\$22.30	\$22.30
1	Wave to variegated	Silver tail	\$22.30	\$22.30
1	Blue and lemon strobe coconut	silver tail	\$37.70	\$37.70
1	Brocade crown coconut	Large Brocade tail	\$37.70	\$37.70
1	Color dahlia with silver strobe	Gold tail	\$37.70	\$37.70
1	Glittering willow with blue pistil	glitter tail	\$37.70	\$37.70
1	Green Glitter to Purple bees		\$37.70	\$37.70
1	Lemon and pink ring with crackling pistils	whistling tail	\$37.70	\$37.70
1	Pastel Cycas	Gold tail	\$37.70	\$37.70
1	Rainbow crossette		\$37.70	\$37.70
1	Red green and blue moving stars		\$37.70	\$37.70
1	Assortment M of 10 different J&M Brand shells ELECTRIC FIRE	mixed tails	\$210.00	\$210.00
1	Assortment U of 10 different J&M Brand shells ELECTRIC FIRE	mixed tails	\$210.00	\$210.00
1	Assortment Z of 10 different J&M Brand shells ELECTRIC FIRE	mixed tails	\$210.00	\$210.00
1	Assortment C of 20 different J&M Brand Shells ELECTRIC FIRE		\$420.00	\$420.00
1	Assortment K Of 20 different J&M Brand shells ELECTRIC FIRE		\$420.00	\$420.00
1	Assortment V of 20 different Patriotic J&M Brand shells ELECTRIC FIRE	mixed tails	\$420.00	\$420.00
Category Shell Count: 106				\$2,385.40

4 Inch Special Effect shells

Quantity	Name	Rising Effect	Price	Total
1	Blue to crackle w/ crackle pistil		\$47.35	\$47.35
1	Double Crackle		\$47.35	\$47.35
1	Ghost Orange to crackle peony		\$47.35	\$47.35
1	Gold Strobe		\$47.35	\$47.35
2	Heart Pattern, Red to crackle		\$47.35	\$94.70
3	Kamuro with Happy Face		\$47.35	\$142.05
1	Purple cycas		\$47.35	\$47.35
1	Red to crackle w/ crackle pistil		\$47.35	\$47.35
1	White to crackle w/ crackle pistil		\$47.35	\$47.35
1	Lemon and purple with artillery (cylinder)		\$63.60	\$63.60
1	Orange and green with artillery (cylinder)		\$63.60	\$63.60
Category Shell Count: 14				\$695.40

5 Inch Color Shells

Quantity	Name	Rising Effect	Price	Total
1	Glittering to sea blue saturn with willow ring		\$61.40	\$61.40
1	Green peony with crackling with flash willow pistil	Crackling tail	\$61.40	\$61.40
1	Smiling Time Rain Ring	Silver crackling tail	\$61.40	\$61.40
1	White flickering crossette	silver tail	\$61.40	\$61.40
1	White strobe and red dahlia	blue tail	\$61.40	\$61.40
1	Assortment J of 15 different shells (ELECTRIC FIRE ONLY)	mixed tails	\$540.00	\$540.00
Category Shell Count: 20				\$847.00



J&M Displays Proposal for: City of Newton Independence Day

Main Event

5 Inch Special Effect Shells

Quantity	Name	Rising Effect	Price	Total
1	Aqua var. color flower sheets w/white strobe pistil		\$72.35	\$72.35
1	Golden palm tree w/golden strobe pistil		\$72.35	\$72.35
1	Golden wave to var. color swimming w/crackling pistil		\$72.35	\$72.35
1	Lemon ghost peony		\$72.35	\$72.35
1	Var. color crackling diadem		\$86.45	\$86.45

Category Shell Count: 5

\$375.85

Section Shell Count: 500

Finales

Multi-shell Barrage Units

Quantity	Name	Rising Effect	Price	Total
1	2.5" Display Shell cake - Crackling Willow 36 shot		\$436.30	\$436.30
1	2.5" Display Shell cake - Rainbow peony 36 shot		\$436.30	\$436.30

Category Shell Count: 72

\$872.60

2.5 Inch Finales

Quantity	Name	Rising Effect	Price	Total
1	Salute with palm 10 Shot finale chain		\$96.45	\$96.45

Category Shell Count: 10

\$96.45

3 Inch Color Shells

Quantity	Name	Rising Effect	Price	Total
5	Glittering willow	glitter tail	\$22.30	\$111.50

Category Shell Count: 5

\$111.50

3 Inch Finales

Quantity	Name	Rising Effect	Price	Total
5	Red salute and blue dahlia 10 Shot finale chain	mixed tails	\$139.80	\$699.00

Category Shell Count: 50

\$699.00

5 Inch Color Shells

Quantity	Name	Rising Effect	Price	Total
3	Glittering willow	glitter tail	\$61.40	\$184.20

Category Shell Count: 3

\$184.20

Section Shell Count: 140

Miscellaneous



J&M Displays Proposal for: City of Newton Independence Day

Miscellaneous

Ignition Items

Quantity	Name	Rising Effect	Price	Total
100	Igniter 2 meter leads		\$1.95	\$195.00
190	Igniter 3 meter leads		\$1.95	\$370.50
8	MJG 3 meter (non-regulated ATF) Igniters with 10' leads (I tek 10 - 30 per box)		\$1.95	\$15.60
2	5 shot finale chain with e-match connectors		\$3.90	\$7.80
Category Shell Count: 0				\$588.90

Section Shell Count: 0

8% Free for Early Payment

Multi-shell Barrage Units

Quantity	Name	Rising Effect	Price	Total
2	Whistle tails to titanium salute 25 shot		\$69.90	\$139.80
2	Brocade coconut with red green blue time rain crown 49 shot		\$166.40	\$332.80
1	Golden tail to golden wave time rain 49 shot fan		\$166.40	\$166.40
Category Shell Count: 197				\$639.00

Section Shell Count: 197

15% Free for Multiple Year Agreement

Multi-shell Barrage Units

Quantity	Name	Rising Effect	Price	Total
1	49S CAKE - Golden tail to golden brocade crown		\$166.40	\$166.40
1	Color comets whistles and report finale 100 shot Z		\$166.40	\$166.40
1	Quick silver whistles to thunder 100 shot I shape		\$166.40	\$166.40
1	Super crown with blue stars with mines 49 shot		\$166.40	\$166.40
Category Shell Count: 298				\$665.60

2.5 Inch Finales

Quantity	Name	Rising Effect	Price	Total
5	Mixed color peony 10 Shot finale chain		\$96.45	\$482.25
Category Shell Count: 50				\$1,147.85

Section Shell Count: 348



J&M Displays Proposal for: City of Newton Independence Day

This proposal includes an extension of our \$10,000,000.00 spectator liability insurance, and workers compensation on our shoot team.

Subtotal Fireworks: **\$7,537.50**
J&M Production: **\$2,387.50**
Total Price of Show: **\$9,925.00**

Total Shot Count: 1185
Packing Check: 419
Date of Display: 07/04/21
Customer Number: 10351

Summary of Free Items Added to Your Show

See Previous Pages for a Listing of Free Items

Free Items are Based on the \$7,537.50 Fireworks Subtotal

\$639.00	8% Free for Early Payment
\$1,147.85	15% Free for Multiple Year Agreement
\$1,786.85	Total Free

Your Price is \$9,925.00

Please Note the Following Comments:

The data in this proposal is confidential, and is to be accorded confidential treatment and shall not be disclosed other than to the official representative of the organization listed on the cover, and only then when in the evaluation of this proposal. Any reproduction of the contents of this proposal, whether in whole or in part, is expressly forbidden. J&M Displays, Inc. requests that all information be safeguarded from release pursuant to any request under the Freedom of Information Law of this state or any other state or jurisdiction; as it may cause competitive disadvantage to our company. The enclosed concepts and materials are the sole and exclusive property of J&M Displays, Inc. We reserve the right to make substitutions of equal or greater value. Prices and specifications are subject to change without notice. For choreographed displays the quantity and sizes of product may change based on the music selected; however, the dollar value of the product will remain the same.



DISPLAY INFORMATION

Please complete the following information printed in **RED**:

Display Date: July 4, 2021 Rain Date: July 5, 2021

Time of Display: Dusk

Name of **Organization Purchasing** Display: City of Newton

Billing Address: P.O. Box 399

City, State, Zip: Newton, Iowa 50208

Telephone: 641-792-2787 Fax: 641-792-9248 E-mail: _____

Name of **Contact Person**: Brian Laube

Contact Address: 403 W. 4th Street N, Suite 501

City, State, Zip: Newton, Iowa 50208

Telephone: 641-792-6622 ext. 2302 Fax: cell # 641-521-7137 E-mail: brianl@newtongov.org

Send **Invoice** to: City of Newton Community Services

Billing Address: 403 W. 4th Street N., Suite 501

City, State, Zip: Newton, Iowa 50208

Telephone: 641-791-0807 Fax: _____ E-mail: _____

FOR SALES REPRESENTATIVE



J&M Fired



1.4G



1.3G



PROXIMATE



HAND FIRE



FLAME

Sales Representative: Mark R. Johnson

Insurance Extension: ☒ YES or ☐ NO

Delivery Information: Customer Pick Up At: _____ On-Site Delivery: ☒

Driver Name: John Sinner Telephone: 515-229-6502

Delivery Address to Shoot Site: Agnes Patterson Park 3000 M. 4th Ave E. Newton, Iowa

Delivery to Bunker: ☒ Location: Woodward Bunker

Shooter Contact Person: John Sinner Telephone: 515-229-6502

NOTES: _____

Proposal # 9104 Final Show \$: 9,925.00

Bonuses: ☒ Prepayment ☒ Multiple Year Agreement _____ Pick Up Mileage: _____ (by air miles)

OFFICE USE ONLY

O# _____

C# _____

Customer PO# _____



tax exempt certificate received



Agreement received



Full payment



Down payment



permit received



IQ received



\$ _____



\$ _____



ATF permit Exp. _____



S/P _____



Date _____

Check# _____



Date: _____

Check# _____



FIREWORKS LIABILITY EXTENSION QUESTIONNAIRE

RETURN TO: **dianah@jandmdisplays.com, kathys@jandmdisplays.com**
Fax: 267-392-3890 or mail to J&M Displays, Inc.
18064 170th Avenue, Yarmouth, IA 52660

☐ Show Work Comp
☐ Special Instructions

CERTIFICATE HOLDER (NAMED INSURED): City of Newton

ADDRESS: P.O. Box 399

CITY: Newton

STATE: Iowa

ZIP: 50208

PHONE: 641-792-2787

FAX: 641-792-9248

EMAIL: brianl@newtongov.org

EFFECTIVE DATE(S): July 4, 2021

RAIN DATE: July 5, 2021

ADDITIONAL NAMED INSURED:

1. NAME / ADDRESS / E-MAIL: City of Newton

INTEREST IN EVENT: sponsor

2. NAME / ADDRESS / E-MAIL: Agnes Patterson Park

INTEREST IN EVENT: landowner

3. NAME / ADDRESS / E-MAIL: _____

INTEREST IN EVENT: _____

4. NAME / ADDRESS / E-MAIL: _____

INTEREST IN EVENT: _____

TYPE OF SHOW: (Check all that apply.) ☐ INDOOR ☐ PROXIMATE ☐ FLAME ☒ OUTDOOR ☐ 1.4G CONSUMER ☒ 1.3G DISPLAY ☐ 1.1G DISPLAY (12" & 16")

LOCATION OF EVENT: Agnes Patterson Park 3000 N. 4th Ave. E. Newton, Iowa

DRAW A DIAGRAM of the shooting area using Google Earth Software and attach showing:

1) mortar placement; 2) planned direction of shooting; 3) distances. (REQUIRED)

Distance to nearest exposure 350+ ft.

Distance to spectators 350+ ft.

Distance to nearest vehicle 350+ ft.

Are there fallout spotters? ☒ YES ☐ NO

Size of largest shell being shot: 5 inches

Name of designated Pyrotechnician: John Sinner

FIREWORKS WARRANTY:

1. Fireworks will be displayed not less than required by NFPA standards away from spectators, vehicles and other exposures with a minimum radius of 70 ft per inch of shell diameter for 1.3G shows.
2. All displays will be aimed away from spectators.
3. Fireworks that have been wet at any time prior to display will not be used.
4. **All fireworks have been purchased only from J & M Displays, Inc. Merchandise from other companies and/or home-made products are not covered under this liability extension.**
5. **Firing area will be policed for all debris upon completion of firing display and inspected by the shoot team.**
6. **Firing area will be inspected by the sponsoring organization at first light the following day.**
7. **Pyrotechnicians are specifically excluded from all liability coverage.**
8. **Any claims must be reported to the Yarmouth, Iowa office in writing within 24 hours of the incident.**



INSTRUCTIONS ON HOW TO COMPLETE THE FIREWORKS LIABILITY EXTENSION QUESTIONNAIRE



- 1 Certificate Holder (named insured).** This should be the organization/person to whom the certificate of insurance should be mailed to. Usually will be the same as the organization/person who is purchasing the display.
- 2 Address, City, State, Zip.** This should be the address of the Certificate Holder.
- 3 Phone, Fax.** This should be numbers of the person completing this form so contact can be made if any questions.
- 4 Effective Date(s).** This is the date(s) of your fireworks display.
- 5 Rain Date.** This is the date that your fireworks display will be rescheduled to in the case of inclement weather.
- 6 Additional Named Insured.** Additional insured are usually the certificate holder as well as any land owners from which the display will be fired. Sometimes cities or counties have special requirements as to who they must have listed in order to obtain a permit. Include addresses and what their interest in your event is. Example: land owner.
- 7 Type of show.** Circle all that apply.
- 8 Location of Event.** Example: Kossuth Park, Mediapolis, Iowa.
- 9 Diagram.** Draw a diagram of the firing area indicating mortar placement, planned directions of shooting, any buildings or obstacles (exposures), and where the audience will be located. Measurements are required. They are necessary to make sure that NFPA safe distance requirements are met. If J & M Displays is firing the show for you, speak with your sales representative for help with this section.
- 10 Fall Out Spotters.** If you are firing your own show, will you have people whose only job is to watch where the fall out is landing? If this is a J & M fired display, there will always be fall out spotters.
- 11 Largest Shell.** You can find the size of the largest shell being fired in your show by looking in your proposal, catalog assortment or ask your J & M sales representative.
- 12 Name of Designated Pyrotechnicians.** Name of the person in charge of firing this display.
- 13 Read the Fireworks Warranty and then sign and date at the bottom of the page.**
- 14 Use Google Earth to Draw Diagram**

EXAMPLE SITE DIAGRAM





FIREWORKS DISPLAY AGREEMENT

THIS AGREEMENT is made and entered into this day of , 2021, by and between J & M Displays, Inc., an Iowa corporation, having its principal place of business at Yarmouth, Iowa, including its employees, owners, and agents, hereinafter referred to as "Seller", and City of Newton, hereinafter referred to as "Buyer".

Seller shall furnish to Buyer one (1) fireworks display, as per the \$9,925.00 program submitted and accepted by the Buyer, and which by reference is made a part hereof as Exhibit "A". The display is to take place on the evening of July 4 2021 at approximately Dusk : pm, weather permitting.

IT IS FURTHER UNDERSTOOD AND AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. Firing of Display (check one of the below options):

- ☒ Seller agrees to furnish all necessary fireworks display material and personnel for a fireworks display in accordance with the program approved by the parties. Seller agrees to comply with all local, state, and federal guidelines pertaining to the storing and displaying of fireworks.
- ☐ Buyer waives the services of Seller's technician. Buyer is a municipality or has a valid permit from the Bureau of Alcohol, Tobacco, Firearms & Explosives and will be firing the display.

2. Payment. The Buyer shall pay to the Seller (check one of the below options):

- ☐ the sum of \$4,000.00 as a down payment upon execution of this Agreement. The balance of \$5,925.00 shall be due and payable in full within fifteen (15) days after the date of the fireworks display. A service charge of one and one-half percent (1 ½%) per month shall be added to the unpaid balance if the account is not paid in full within the fifteen (15) days from the date of the show. If this account remains unpaid and is turned over to a collection agency for non-payment, all fees incurred in collecting the balance will be at the Buyer's expense. All returned checks will be assessed a \$30.00 fee.
- ☐ \$9,925.00 in full by April 25, 2021 (70 days prior to event date).
The Buyer will receive the 8% prepayment bonus product in this fireworks display.
- ☐ \$9,925.00 in full by June 4, 2021 (30 days prior to event date).
The Buyer will receive the 5% prepayment bonus product in this fireworks display.

3. Postponement/Cancellation. Displays postponed to an alternate date will be charged an additional 15% of the total contract price for additional expenses incurred in presenting the display on an alternate date.

In the event the display is cancelled and not re-scheduled, J&M Displays, Inc. shall be entitled to 20% of the contract price for out of pocket expenses incurred in preparation for the show.

4. Rain Date. Should inclement weather prevent the firing of the display on the date mentioned herein, the parties agree to a mutually convenient rain date of July 5, 2021 or another date as agreed to by both parties. Once display set-up has begun, the determination to cancel the fireworks display because of inclement weather or unsafe weather conditions shall rest within the sole discretion of the AHJ, Seller, and the lead pyrotechnician.

5. Insurance. If Seller is firing the show, Seller agrees to provide, at its expense, general liability insurance coverage, in an amount not less than \$10,000,000, and within two (2) weeks prior to the date of the fireworks display, shall submit to the Buyer, if requested in writing, a certificate of insurance. All entities listed on the certificate of insurance will be deemed an additional insured. In the event of a claim by Buyer, the applicable deductible shall be paid by the Seller.

The Seller agrees to defend, indemnify and hold harmless the Buyer and its agents and employees from and against all claims, costs, judgments, damages and expenses, including reasonable attorney fees that may or shall arise out of any negligent or wrongful act or omission by the Seller related to the performance of the fireworks by the Buyer. The Buyer agrees to give the Seller prompt notice of any claims or demands and to cooperate with the Seller or its successors in interest or assigns, if any, in the defense of any such claims and/or demands.

6. Buyer agrees to provide:

- (a) Sufficient area for the display, including a minimum spectator set back as determined by Seller.
- (b) Protection of the display area by roping off or similar facility.
- (c) Adequate police protection to prevent spectators from entering display area.
- (d) Dry, clean sand, if needed, for firing.
- (e) Persons to assist in the inspection and cleanup of fireworks debris in the fallout zone of the shoot site at first light in the morning following the display for anything that may have been missed at the night search.
- (f) Necessary local permits.

7. No representation of affirmation of fact, including but not limited to statement regarding capacity, suitability for use, or performance of equipment or products shall be, or deemed to be a warranty by the Seller for any purpose, nor give rise to any liability or obligation of the Seller whatsoever, except for acts of Seller's negligence as above stated.

8. It is further understood and agreed that nothing in this Agreement shall be construed or interpreted to mean a partnership. Both parties hereto being responsible for their separate and individual debts and obligations, and neither party shall be responsible for any agreements not stipulated in this Agreement. The Agreement shall not be construed to have been drafted, authored, or written by any specific Party. Rather, the Agreement shall be construed as co-drafted, co-authored, or co-written by the Parties. Therefore, the Agreement shall not be construed against any Party on the claim or basis the Agreement was drafted, written, or authored by any specific Party.

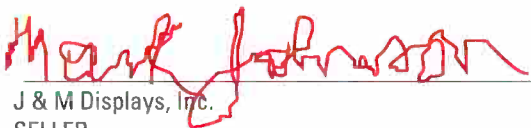
9. The parties hereto do mutually and severally guarantee terms, conditions, and payments of this Agreement. This document shall be binding upon the parties, themselves, their heirs, executors, administrators, successors and assigns.

10. Excluded Damages and Limitation of Liability. Except for claims covered by Seller's applicable general liability insurance, notwithstanding any provision to the contrary in this Agreement:

- (a) In no event shall Seller be liable to Buyer or any third party for any loss of use, revenue or profit or for any consequential, incidental, indirect, exemplary, special, or punitive damages whether arising out of breach of contract, tort (including negligence), or otherwise, regardless of whether such damage was foreseeable and whether or not such party has been advised of the possibility of such damages.
- (b) In no event shall Seller's liability arising out of or related to this Agreement, whether arising out of or related to breach of contract, tort (including negligence), or otherwise, exceed the aggregate amount paid or payable to Seller pursuant to this Agreement.

11. Choice of Law, Jurisdiction and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa without regard to conflict-of-law principles, except as otherwise specifically required for the storing and displaying of fireworks as provided in paragraph one above. Notwithstanding, the Parties must bring any legal or equitable action or proceeding arising under or related to this Agreement exclusively in the Iowa District Court in and for Des Moines County, Iowa. The Iowa District Court in and for Des Moines County, Iowa shall have exclusive jurisdiction to decide any disputes arising out of or related to this Agreement. Each Party knowingly and voluntarily consents to and expressly waives any objection or defense to personal jurisdiction, improper or inconvenient venue, or inconvenient forum in the Iowa District Court in and for Des Moines County, Iowa.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

BY: 
J & M Displays, Inc.
SELLER

BY: _____
BUYER

Please include the **DISPLAY INFORMATION FORM** with this Agreement so your order is processed accurately.

Fireworks Display Agreement

Addendum

This Addendum to the Fireworks Display Agreement ("Addendum") is hereby incorporated by reference into and made a part of the attached Fireworks Display Agreement ("Agreement"). Each reference in the Agreement to any term of this Addendum shall have the meaning as set forth in this Addendum for such term. Any initially capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Agreement. To the extent of any conflict between the terms and conditions of the Agreement and this Addendum, the terms and conditions of this Addendum shall control.

WHEREAS the ongoing Covid-19 pandemic has impacted and hindered the ability of many industries, with an especially detrimental impact on live events, including the pyrotechnic and special effects industry;

WHEREAS J&M Displays utilizes a "Shoot Team" to conduct each individual display and each Shoot Team consists of persons who are not full-time employees of J&M Displays and over whom J&M Displays has minimal control outside the Display environment; and

WHEREAS the impact of the Covid-19 pandemic has directly impacted J&M Displays' ability to perform fireworks displays in 2020 and is anticipated to possibly present additional difficulties in performing displays in 2021,

THEREFORE,

Each party's obligations to perform hereunder will be excused in the case of a Force Majeure Event. Specific to this Addendum, a "Force Majeure Event" is defined to include medical conditions, which result in quarantine or similar limitations or restrictions on travel or congregation in the metropolitan area where the Display is scheduled to be held. In the case of Seller, a Force Majeure Event includes, without limitation, death, serious illness or incapacity one or more of the display Shoot Team member(s) which renders it impossible, unsafe, or not reasonably practical for the Shoot Team to perform the display.

Seller's Rescheduling. J&M Displays will work with all customers to ensure a timely and safe fireworks display, but as noted above, due to circumstances beyond J&M Displays' control, certain fireworks displays in 2021 may have to be rescheduled with limited notice to Buyer. J&M Displays will immediately inform Buyer of any unanticipated Covid-19 related interruption in services and will endeavor to reschedule the display as soon as practical or on a mutually agreeable date in calendar year 2021.

Buyer's Rescheduling. Buyers who believe their display may be cancelled or postponed for Covid-19 related reasons should contact J&M Displays as soon as practical. Buyers who must postpone displays due to circumstances beyond their control who reschedule within calendar year 2021 will not be charged any additional fee.

Cancellation. In the event it becomes necessary for Seller to cancel the fireworks display and not reschedule, Buyer shall be entitled to a full refund of any payment made. In the event Buyer chooses to cancel the display rather than reschedule, Seller shall be entitled to 20% of the contract price for out-of-pocket expenses incurred in preparation for the display.

All remaining terms of the Fireworks Display Agreement remain unchanged, and are ratified.

The parties have caused this Addendum to be duly executed as of the _____ day of _____, 2021.

SELLER: J&M Displays

By: Mark Johnson
Print: Mark Johnson
Title: Vice-President

BUYER: _____

By: _____
Print: _____
Title: _____

City of Newton Council Report

Item: Resolution approving Engineering Design Services Agreement to Close Cells B and C.

Summary: Approval of an Engineering services agreement for the design, bidding and construction administration for the closure of cells B and C at the Newton Sanitary Landfill.

Financial Impact: \$42,600.00 from landfill reserve expenditures.



Report Number: 21-064

Date: March 15, 2021

Lead Department: Public Works

Recommendation: Approve

Background:

Newton Sanitary Landfill is forecasting cells B and C filled to capacity in FY 22-23. To prepare for the projected closure, staff must budget and prepare a construction plan when the area is filled with refuse. Cells B and C are 21 acres located in the northeast side of the landfill. Currently 89,546 cubic yards of air space remains. 61,515 cubic yards of air space was used in calendar year 2020. Remaining air space is dependent upon the amount of solid waste received. Engineering services are required to fulfill the obligations set forth by the Iowa Department of Natural Resources (IDNR) Iowa Administrative Code 567 Chapter 113.

HLW Engineering has been chosen to develop the required plans and specifications for the construction of the closure of cells B & C. HLW will provide design services, preparation of a project manual, bidding documents, contract documents, submittal reviews and construction administration including publicly bidding the project. This agreement does not include Resident Project Representative Services or Construction Staking Services. Staff will evaluate workload at the time of construction, to determine the need for construction observation and construction staking be done in-house, or outsourced.

Recommendation:

City Staff recommends approval of Engineering services agreement with HLW Engineering of Story City, Iowa for the closure of cells B and C for \$42,600.00. The engineering services for this project will be paid from the landfill reserve expenditures.

A handwritten signature in black ink, appearing to read "Rob Burdess", is written over a light blue horizontal line.

Rob Burdess
Acting City Administrator

RESOLUTION NO. 2021-_____

RESOLUTION APPROVING ENGINEERING DESIGN SERVICES AGREEMENT TO CLOSE CELLS B AND C

WHEREAS, Newton Sanitary Landfill is forecasting cells B and C to be filled to capacity in FY 22-23; and

WHEREAS, Remaining air space is dependent upon the amount of solid waste received; and

WHEREAS, Engineering services are required to fulfill the obligations set forth by the Iowa Department of Natural Resources (IDNR) Iowa Administrative Code 567 Chapter 113; and

WHEREAS, HLW will provide design services, preparation of a project manual, bidding documents, contract documents, submittal reviews and construction administration including publicly bidding the project. This agreement does not include Resident Project Representative Services or Construction Staking Services. Staff will evaluate workload at the time of construction, to determine the need for construction observation and construction staking be done in-house, or outsourced; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of Newton, Iowa, that the Mayor is authorized to enter into an agreement with HLW Engineering of Story City Iowa for the closure of cells B and C for \$42,600.00. The engineering services for this project will be paid from the landfill reserve expenditures.

PASSED this _____ day of March 2021.

APPROVED this _____ day of March 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report

Item:

Resolution awarding contract for the Public Works Middle Bay Electrical Improvements Project



Report Number: 21-065

Summary:

Award of contract for the Public Works Middle Bay Electrical Improvements Project

Date:

March 15, 2021

Financial Impact:

\$8,921.00 from the 2020A Bond funds.

Lead Department/Division:

Public Works

Recommendation:

Approve

Background:

With the relocation of Public Works, Community Development, and Community Services offices to Legacy Plaza there is the opportunity for the previous office space to be repurposed as shop and storage space for both Public Works and Community Services. With this change there is a need for space for the Community Services mechanic to have a work space along with the Public Works mechanic. To accommodate two mechanics, the middle bay of the Public Works garage will be remodeled and the electrical system updated for use by the Public Works mechanic. City staff sought proposals for these improvements from contractors for the supply and installation of electrical upgrades. The following base bid prices were received and opened on February 26, 2021:

Van Maanen Electric, Inc. – Newton, IA	\$8,921.00
DePenning & Associates – Newton, IA	\$11,850.00
Copper Electric Company – Pella, IA	\$11,850.00
Murphy Tower Services, LLC – Carlisle, IA	\$32,414.55

The apparent low bidder is Van Maanen Electric, Inc of Newton, IA. The substantial completion date for the project is April 30, 2021. The project will be paid for using 2020A Bond funds.

Recommendation:

City staff recommends that Council award a contract for the base bid work to Van Maanen Electric, Inc of Newton, IA in the amount of \$8,921.00

Rob Burdess
Acting City Administrator

RESOLUTION NO. 2021 – _____

**RESOLUTION AWARDING CONTRACT FOR THE PUBLIC WORKS MIDDLE BAY
ELECTRICAL IMPROVEMENTS PROJECT.**

WHEREAS, with the relocation of Public Works, Community Development, and Community Services offices to Legacy Plaza there is the opportunity for the previous office space to be repurposed as shop and storage space for both Public Works and Community Services; and

WHEREAS, there is a need for space for the Community Services mechanic to have a work space along with the Public Works mechanic; and

WHEREAS, to accommodate two mechanics, the middle bay of the Public Works garage will be remodeled and the electrical system updated for use by the Public Works mechanic; and

WHEREAS, City staff sought proposals for these improvements from contractors for the supply and installation of electrical upgrades; and

WHEREAS, based on the proposals received on February 26, 2021, City staff recommends that the City of Newton award a contract to Van Maanen Electric, Inc of Newton, Iowa for the Public Works Middle Bay Electrical Improvements Project based on the low responsive, responsible base bid received in the amount of \$8,921.00 `

NOW, THEREFORE, BE IT RESOLVED, by the City Council of Newton, Iowa, that the bid of Van Maanen Electric, Inc of Newton, Iowa, in the amount of Eight Thousand and Nine Hundred and Twenty-One Dollars and Zero Cents (\$8,921.00) for the Public Works Middle Bay Electrical Improvements Project, all as described in the plans and specifications, is hereby accepted, the same being the lowest, responsive bid received for said project.

BE IT FURTHER RESOLVED, by the City Council of the City of Newton, Iowa, that the Contract and Bond executed by Van Maanen Electric, Inc of Newton, Iowa for the Public Works Middle Bay Electrical Improvements Project, said contract to be signed by the Mayor and City Clerk on behalf of the City, be and the same are hereby approved. The City shall utilize 2020A Bond Funds to pay for the project costs.

PASSED this _____ day of March, 2021.

APPROVED this _____ day of March, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report

Item: Resolution approving grant application from Heart of Iowa Regional Transit Agency to Iowa Economic Development, Rural Innovation.

Summary: Showing City of Newton support of HIRTA's grant application.

Financial Impact: None



Report Number: 21-066

Date: March 15, 2021

Lead Department: Public Works

Recommendation: Approve

Background:

The City of Newton is a member of the Heart of Iowa Regional Transit Agency (HIRTA) region. HIRTA plans to apply for an Iowa Economic Development grant, Rural Innovation, Empower Rural Iowa. The grant funds will be used to purchase an upgraded scheduling software app, Mobility on Demand, making it easier for Newton residents to utilize this valued service.

Applications that are not local governments must include letter of support from the mayor or resolution from city council.

Recommendation:

Approval of the attached resolution.

Rob Burdess
Acting City Administrator

RESOLUTION NO. 2021 – _____

RESOLUTION APPROVING GRANT APPLICATION FROM HEART OF IOWA REGIONAL TRANSIT AGENCY TO IOWA ECONOMIC DEVELOPMENT, RURAL INNOVATION.

WHEREAS, The City of Newton is a member of the Heart of Iowa Regional Transit Agency (HIRTA) region; and

WHEREAS, HIRTA plans to apply for an Iowa Economic Development Grant, Rural Innovation, Empower Rural Iowa; and

WHEREAS, grant funds will be used to purchase an upgraded scheduling software app, Mobility on Demand, making it easier for Newton residents to utilize this valued service;

WHEREAS, Applications that are not local governments must include letter of support from the mayor or resolution from city council.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Newton, Iowa, HIRTA has the support of Newton Iowa to proceed with the grant application to Iowa Economic Development for the Rural Innovations Grant.

PASSED this _____ day of March 2021.

APPROVED this _____ day of March 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report

Item: Resolution approving refund of over-payment of sale proceeds for 1803 1st Avenue East.

Summary: After the closing occurred, an error in the settlement statement was caught and it was discovered that the buyer overpaid the City \$20,000. This resolution authorizes the refund of the overpayment.

Financial Impact: None, refund of over-payment



Report Number: 21-067

Date: March 15, 2021

Lead Department:
Community Development
Department

Recommendation: Approve

The City agreed to sell 1803 1st Avenue East for \$155,000 to DGOGNewtonia02052020, LLC.

An extension of the contract in July 2020, approved by City Council, required that \$20,000.00 of the sale price be provided to the City of Newton at that time. The City directly received this payment immediately following the approval of the extension.

At closing on March 1, 2021, this payment was mistakenly not credited to the buyer by the settlement statement prepared by closing attorney Whitfield & Eddy, PLC. The error was discovered after closing and after the City had already deposited the payment.

This resolution authorizes the return of the overpayment of \$20,000.00 to the buyer DGOGNewtonia02052020, LLC.

Recommendation: Staff recommends approval.

A handwritten signature in black ink, appearing to read "Rob Burdess".

Rob Burdess,
Acting City Administrator

RESOLUTION NO. 2021- _____

**A RESOLUTION APPROVING REFUND OF OVER-PAYMENT OF SALE
PROCEEDS FOR 1803 1ST AVENUE EAST**

WHEREAS, DGOGNewtonia02052020 LLC purchased the property at 1803 1st Avenue East, legally described as: LOT FIVE OF RITTER'S SUBDIVISION IN THE CITY OF NEWTON, JASPER COUNTY, IOWA, AS SAME APPEARS IN PLAT BOOK "D", AT PAGE 91 IN THE OFFICE OF THE RECORDER OF SAID COUNTY from the City of Newton;

WHEREAS, the buyer over-paid the City of Newton \$20,000 at the closing on March 1, 2021 and the error was discovered after the proceeds of the sale had been deposited by the City of Newton;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Newton, Iowa: That the City of Newton shall refund DGOGNewtonia02052020 LLC, 1903 East Battlefield, Springfield, MO 65804, the \$20,000 over-payment of sale proceeds.

PASSED this _____ day of March, 2021.

APPROVED this _____ day of March, 2021.

(Seal)

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report

Item: Resolution amending Resolution 2020-285 to provide stipend to Catalyst Development Newton LLC for the consulting services required for the Iowa Reinvestment District Application.

Summary: Resolution 2020-285 provides for a \$10,000 reimbursement to Legacy Plaza LLC for third-party consultant services required for the Iowa Reinvestment District Application. The developer LLC name has changed to Catalyst Development Newton LLC. This resolution authorizes reimbursement to Catalyst.

Financial Impact: No change.



Report Number: 21-068

Date: March 15, 2021

Lead Department:
Community Development

Recommendation:
Approval

This resolution allows for the reimbursement for the third-party consultant services required by the Iowa Reinvestment District Application to be issued to Catalyst Development Newton, LLC instead of Legacy Plaza LLC.

The name of the developer's company changed since December 2020, when Resolution 2020-285 was approved. Angela Harrington, the lead developer, remains in place for the project.

The Iowa Reinvestment District Application required an economic analysis to be completed by a third party consultant. DMACC and the City of Newton both equally contributed to this cost for the application. The application was submitted in February 2021 to Iowa Economic Development Authority. Results of that competitive process are expected sometime in May 2021.

Recommendation: Staff recommends approval.

A handwritten signature in black ink, appearing to read "Rob Burdess", written in a cursive style.

Rob Burdess,
Acting City Administrator

RESOLUTION NO. 2021 – _____

**RESOLUTION AMENDING RESOLUTION 2020-285 TO PROVIDE
STIPEND TO CATALYST DEVELOPMENT NEWTON LLC FOR THE
CONSULTING SERVICES REQUIRED FOR THE IOWA REINVESTMENT
DISTRICT APPLICATION**

WHEREAS, the Iowa Reinvestment District Program was created to assist communities with transformative change and provides state hotel/motel tax and state sales tax to be reinvested into districts; and

WHEREAS, the Iowa Reinvestment District Application required a third-party consultant to complete market and feasibility study;

WHEREAS, Resolution 2020-285 provided a \$10,000 stipend to Legacy Plaza LLC to assist with the third-party consultant cost;

WHEREAS, the developer name has changed from Legacy Plaza LLC to Catalyst Development Newton LLC;

NOW THEREFORE, BE IT RESOLVED that Resolution 2020-285 is hereby amended to provide the \$10,000 stipend to Catalyst Development Newton, LLC.

PASSED this _____ day of March 2021.

APPROVED this _____ day of March 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report

Item:

Resolution ordering Clerk to publish notice and fixing a date for a Public Hearing on the FY22 - FY26 Capital Improvement Plan (CIP).



Report Number: 21-069

Summary:

Setting the date for a Public Hearing on the FY22 - FY26 Capital Improvement Plan (CIP).

Date:

March 15, 2021

Lead Department:

Community Services

Financial Impact:

None

Recommendation:

Approve

Background:

Using City Council's recently approved goals, the City's most-recent revision of the Comprehensive Plan, and department director input on project and equipment needs; the FY22 through FY26 Capital Improvement Plan (CIP) has been prepared for City Council's approval. The CIP is a 5-year plan detailing funding sources and expenditures for proposed project construction and equipment purchases throughout all City departments.

The proposed project and equipment purchases included in the first year (FY22) of the CIP align with the proposed FY22 City budget. Years two through five of the CIP will be modified as-needed in subsequent budget years. All projects and equipment in this 5-year plan are always subject to revision at any time based on City Council's direction.

The draft FY22 through FY26 Capital Improvement Plan (CIP) was presented to the City Council on December 21, 2020; and the proposed City of Newton FY22 through FY-26 Capital Improvement Plan (CIP) has been finalized and is now ready for council consideration.

Recommendation:

Staff recommends approval of the resolution setting the date and publishing the notice for a Public Hearing on the FY22 through FY26 Capital Improvement Plan (CIP).

Rob Burdess
Acting City Administrator

RESOLUTION NO. 2021 – _____

**RESOLUTION ORDERING CLERK TO PUBLISH NOTICE AND FIXING A DATE FOR
A PUBLIC HEARING ON THE FY22 - FY26 CAPITAL IMPROVEMENT PLAN (CIP).**

WHEREAS, using City Council's recently approved goals, the City's most-recent revision of the Comprehensive Plan, and department director input on project and equipment needs; staff has prepared the FY22 through FY26 Capital Improvement Plan (CIP); and

WHEREAS, the CIP is a 5-year plan detailing funding sources and expenditures for proposed project construction and equipment purchases throughout all City departments and divisions; and

WHEREAS, the draft FY22 through FY26 Capital Improvement Plan (CIP) was presented to the City Council on December 21, 2020; and

WHEREAS, the proposed City of Newton FY22 through FY-26 Capital Improvement Plan (CIP) has been finalized and is ready for council consideration.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Newton, Iowa, that the proposed FY22 through FY26 Capital Improvement Plan (CIP) as prepared by the Community Services Department of the City of Newton, Iowa, and the Notice of Public Hearing for said FY22 through FY26 Capital Improvement Plan (CIP), are hereby ordered placed on file in the office of the Clerk for public inspection; and

That the Council hold a public hearing on the matter of the FY22through FY26 Capital Improvement Plan (CIP), which documents are now on file in the office of the Clerk, said hearing to be held at the Council Chambers in the City Hall, Newton, Iowa, on the 5th day of April 2021, at 6:00 pm, and that the City Clerk give notice of said hearing by publication once in a local legal newspaper, printed wholly in English language, not less than four (4) clear days nor more than twenty (20) days prior to the date fixed therefore.

PASSED this _____ day of March, 2021.

APPROVED this _____ day of March, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

Vendor	Department	Description	Amount
AAAS	Library	Subscription	\$ 506.00
Alliant Energy/IPL	Disaster Services	Utilities	\$ 53.53
Amazon Capital Services	All	Supplies	\$ 1,699.58
Andax	Fire	Supplies	\$ 44.10
Axon Enterprise Inc	Police	Training	\$ 1,216.85
Baker & Taylor	Library	Supplies	\$ 2,613.25
Baker & Taylor Entertainment	Library	Supplies	\$ 47.10
Baker, Trent	Fire	Reimbursement	\$ 52.72
Barney's Wrecker & Crane	Snow Removal	Service	\$ 250.00
Barrett, Shawn	Snow Removal	Reimbursement	\$ 81.97
Boland Recreation	Tort Liability	Supplies	\$ 4,723.00
Bolton & Menk Inc	Public Works Admin/WPC	Service	\$ 3,026.00
Booklist	Library	Subscription	\$ 75.00
Bound Tree Medical LLC	Fire	Supplies	\$ 978.31
Breman and Sons Tree Service	Street	Service	\$ 767.92
Brick Gentry P.C.	All	Service	\$ 11,215.00
Caldwell Brierly & Chalupa PLLC	Commercial D&D	Service	\$ 3,682.10
Callaway Golf	Golf	Merchandise	\$ 1,735.42
Cappy's Tire & Auto Service	Golf/Parks	Service	\$ 1,225.68
Card Services	All	Supplies	\$ 1,991.81
Central Iowa Farm Store	Parks	Supplies	\$ 106.72
CFRA	Library	Subscription	\$ 430.00
Cintas	All	Service	\$ 356.87
Clapsaddle-Garber Assoc	Airport	Service	\$ 14,091.80
Country Book Marketing Service	Library	Supplies	\$ 10.00
Cummins Central Power	Library	Service	\$ 375.67
Dell Marketing L.P.	Police	Equipment	\$ 1,127.72
Des Moines Register	Library	Subscription	\$ 528.04
Des Moines Stamp Mfg	Fire	Supplies	\$ 50.50
DH Pace Company	Street	Supplies	\$ 375.68
Diamond Products Co	Parks	Supplies	\$ 272.70
EZ Lease	Water Pollution Control	Supplies	\$ 102.00
Fastenal	Snow Removal	Supplies	\$ 248.55
FBG Service Corporation	Library	Service	\$ 1,644.00
Forbes Office Solutions	All	Service	\$ 490.34
Galls LLC	Fire	Merchandise	\$ 682.74
Gralnek-Dunitz	Golf	Supplies	\$ 60.00
Gregg Young Auto Center	Fire	Service	\$ 2,694.41
Grinnell Safe & Lock	Landfill/WPC	Supplies	\$ 371.00
Harden, Jacob	Police	Reimbursement	\$ 218.71
Hawkins Water Treatment	Water Pollution Control	Supplies	\$ 163.68
Henderson Products Inc	Snow Removal	Supplies	\$ 1,571.60
HLW Engineering Group	Landfill	Service	\$ 1,975.00
Hogue	Police	Supplies	\$ 362.28
Housby Heavy Equipment LLC	Landfill	Supplies	\$ 809.47
IMWCA	All	Service	\$ 1,989.96
In-Roads LLC	Street	Service	\$ 52,313.33
Iowa Emergency Vehicle Installs	Police	Service	\$ 6,983.08

Iowa Employment Conference	Administration	Service	\$ 335.00
Iowa Fire Chiefs Association	Fire	Dues	\$ 50.00
Iowa Fire Equipment	Parks/Street/Landfill	Service	\$ 1,537.60
Iowa Golf Association	Golf	Membership	\$ 125.00
Iowa History Journal	Library	Subscription	\$ 35.95
Iowa Inspections	Fire	Service	\$ 7,300.00
Iowa Law Enforcement Academy	Police	Service	\$ 150.00
Iowa Park & Recreation Association	Maytag Pool	Training	\$ 270.00
Iowa Police Chiefs Association	Police	Training	\$ 270.00
Jasper County Recorder	North Central TIF/Finance	Service	\$ 211.00
Johnson Aviation	Airport	Reimbursement	\$ 48.14
Key Cooperative	All	Supplies	\$ 13,364.95
Kiesler's Police Supply	Police	Equipment	\$ 1,306.44
Kinetic Edge Physical Therapy	Landfill	Service	\$ 194.00
Klocke's Emergency Vehicles	Fire	Supplies	\$ 575.45
Lavelly, Dillon	Police	Reimbursement	\$ 52.63
Lawson Products Inc	Snow Removal	Supplies	\$ 26.68
Lowe Vokes, Jessica	North Central TIF	Reimbursement	\$ 33.90
Lyman, Rick	Parks	Service	\$ 220.00
Mahaska Bottling Co	Golf	Concessions	\$ 698.05
Manatts - Brooklyn	East Mart TIF/Street	Service	\$ 76,401.51
Marsden Bldg Maintenance	City Center	Service	\$ 2,425.25
McDanel, Dean	Private Incentives	Incentive	\$ 10,000.00
Medicap Pharmacy	Fire	Service	\$ 15.36
MercyOne DSM Medical Ctr-Financial Ops	Fire	Supplies	\$ 507.03
MG Laundry Corporation	City Center	Service	\$ 81.40
Midwest Alarm	Library	Service	\$ 309.00
MTI Distributing Inc	Golf/Parks	Supplies	\$ 509.71
Murphy Tractor & Equipment	Landfill	Service	\$ 1,537.31
NAPA Auto Parts	All	Supplies	\$ 2,216.61
News Printing Company	All	Service	\$ 750.92
Newton Clinic	Police	Service	\$ 41.00
Newton Early Learning Academy	Fire	Reimbursement	\$ 25.00
O'Reilly Auto Parts	All	Supplies	\$ 464.62
Partsmaster	City Garage	Supplies	\$ 194.88
Penworthy Company	Library	Supplies	\$ 368.96
Petty Cash - Police	Police	Service	\$ 30.67
Pitney Bowes	All	Supplies	\$ 173.82
Pittman, Keith	Police	Reimbursement	\$ 18.92
POS Paper	Police	Supplies	\$ 49.90
Preferred Pest Control Inc	Library	Service	\$ 350.00
Premier Office Equipment	Finance/Police	Service	\$ 374.60
Quill Corporation	All	Supplies	\$ 176.28
R J Thomas Mfg Co Inc	Tort Liability	Supplies	\$ 714.00
RACOM Corporation	Fire/Police	Service	\$ 288.75
Reliant Fire Apparatus Inc	Fire	Supplies	\$ 175.73
Secretary of State	Police	Service	\$ 30.00
Shinkle, Andrew	Police	Reimbursement	\$ 326.88
Smith Quality Rental	Water Pollution Control	Service	\$ 21.68
Spahn & Rose Lumber Co	All	Supplies	\$ 2,440.64
Springer Professional Home Services	Library	Service	\$ 51.50
Stanard & Associates	Police	Service	\$ 37.50

Theisen's	All	Supplies	\$ 600.78
Tour edge	Golf	Merchandise	\$ 185.50
Traf-O-Teria System	Police	Supplies	\$ 199.24
True Value Hardware	Parks/Street	Supplies	\$ 1,114.17
Two Rivers Cooperative	All	Supplies	\$ 6,667.11
Unique Management Services	Library	Service	\$ 50.00
UnityPoint Clinic-Occupational	Landfill	Service	\$ 42.00
USABlueBook	Water Pollution Control	Supplies	\$ 278.74
Value Line Publishing	Library	Subscription	\$ 1,597.00
Van Maanen Electric Inc	Airport	Service	\$ 571.60
Van Wall Equipment	Cemetery/Golf/Parks	Service	\$ 2,084.49
Volk, Ryan	Fire	Reimbursement	\$ 25.00
Warnick & Reeves Mechanical	City Center	Service	\$ 430.00
Water Department	All	Utilities	\$ 10,972.55
Windstream	Fire	Utilities	\$ 314.53
Witmer Public Safety Group	Fire	Supplies	\$ 166.12
Wood Roofing	Library	Service	\$ 1,510.00
Zero Waste USA	Parks	Supplies	\$ 533.75
Total			\$ 281,647.99

Pre-Authorized Payments

Alliant Energy	All	Utilities	\$ 4,383.15
Atomic Music Group	North Central TIF	Service	\$ 5,000.00
Black Hills Energy	All	Utilities	\$ 2,828.36
Dish Network	Airport	Utilities	\$ 137.05
Doll Distributing	Golf	Concessions	\$ 785.88
Edge Commercial	North Central TIF	Service	\$ 10,394.47
Henderson, Curtis	Housing Demolitions	Grant	\$ 20,000.00
Hy-Vee	Golf	Concessions	\$ 339.46
Iowa Beverage Systems	Golf	Concessions	\$ 323.40
Mediacom	Golf	Utilities	\$ 294.05
United States Cellular	All	Utilities	\$ 1,294.91
Verizon Wireless	Police	Utilities	\$ 15.02
Windstream	Library	Utilities	\$ 171.01
Total			\$ 45,966.76

ACH Payments from Great Southern Bank

Advantage Credit Union	All	Insurance	\$ 16,335.00
Bank Iowa	All	Insurance	\$ 7,095.00
Great Southern Bank	All	Insurance	\$ 330.00
Kabel	All	Insurance	\$ 50.00
Payroll 1-31-21	All	Payroll	\$ 426,445.74
Payroll 2-13-21	All	Payroll	\$ 436,107.17
Payroll 2-26-21	All	Payroll	\$ 432,413.61
State Of Iowa	Golf/Park/WPC	Sales Tax	\$ 1,400.00
Total			\$ 1,320,176.52

City of Newton Council Report

Item: Resolution Approving the 2021-22 Operating Budget for the City of Newton

Summary: The proposed City budget for 2021-22 has a levy rate of \$17.14/\$1,000. This action holds a public hearing and adopts the budget.

Financial Impact:

The City property tax levy rate would be set for \$17.14 /\$1000 for the 2021-22 City fiscal year.



Report Number: 21-070

Date: March 15, 2021

Lead Department:
Administration

Recommendation:
Approval

Background: From December 7, 2020 thru February 1, 2021, the City Council held budget work sessions after regular City Council meetings to discuss and agree on the 2021-22 operating budget. On February 15, 2021, a Public Hearing was held considering the FY22 City maximum property tax dollars. After this public hearing, the City Council unanimously approved the Maximum property tax dollars for FY22, which is required each year before the public hearing is set for the operating budget.

The Council set the required public hearing for consideration of the Budget for March 15, 2021 at the March 1st meeting. This is consistent with the State of Iowa deadline for budget approval of March 31st.

In summary, the proposed 2021-22 City of Newton Operating Budget includes the following:

- Sets the City tax levy at \$17.14/1,000. The levy rate remains the same as the current year
- The ending undesignated fund balance in the General Fund is estimated to be at 25% of expenditures according to adopted financial policies
- Retains current staffing levels with COLA and step increases for Union and Pay Plan positions
- Includes Equipment and Projects outlined in the CIP, Sewer Plant Improvements, and several Street Improvements throughout the community.

The proposed budget was in the March 5, 2021 edition of the Newton Daily News. Following the public hearing, the City Council can take action to adopt this budget for the upcoming fiscal year. Council may modify the proposal, but the budgeted expenditures and levy cannot be increased above what has been published in the Newton Daily News on March 5, 2021.

Recommendation:

Staff recommends approval of the Resolution.

A handwritten signature in black ink, appearing to read "Rob Burdess", is written over a light blue horizontal line.

Rob Burdess
Acting City Administrator

RESOLUTION NO. 2021 – _____

**RESOLUTION ADOPTING THE 2021 – 2022 OPERATING
BUDGET FOR THE CITY OF NEWTON**

WHEREAS, City staff has prepared the 2021–2022 operating budget for the City of Newton; and

WHEREAS, from December 7, 2020 thru February 1, 2021, the City Council held budget work sessions after regular City Council meetings to discuss and reach agreement on the 2021-22 operating budget; and

WHEREAS, on February 15, 2021, the City Council held a public hearing considering the FY22 City maximum property tax dollars. After this public hearing, the City Council unanimously approved by Resolution the Maximum property tax dollars for FY22; and

WHEREAS, On March 1, 2021 the City Council set a public hearing for March 15, 2021 on the budget proposal and notice of public hearing was published in the Newton Daily News on March 5, 2021; and

WHEREAS, the City Council held a public hearing on the budget proposal on March 15, 2021;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Newton, Iowa, that the annual budget for the fiscal year ending June 30, 2022 as set forth in the City Budget Certification Summary and the supporting detailed operating budget document for fiscal year 2021-22 showing revenue estimates, appropriation expenditures, allocations to programs, and activities for said fiscal year is hereby adopted.

BE IT FURTHER RESOLVED that the City's total 2021-22 property tax levy is \$17.14 per \$1,000 of taxable valuation.

BE IT FURTHER RESOLVED that the Finance Officer is directed to file documents as required by law in accordance with the summary and details of the adopted 2021-22 Operating Budget.

PASSED this 15th day of March 2021.

APPROVED this _____ day of March 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

Top 10 Things to Know about the Fiscal Year 2022 City Budget

10. There will be no increase to the property tax levy. For the sixth year in a row, the levy will remain at \$17.14/thousand dollars of taxable value. This is possible due to the considerable growth of the Newton tax base in the current fiscal year.
9. Newton's total assessed property value increased by \$5 million in the last year to about \$923 million. While that marks a trend of five straight years of assessed property tax growth, state property tax reform continues to be implemented and the amount of the assessed property value increase was minimal. That will result in Newton receiving less general fund property taxes next year.
8. The City Council is funding their top priority goal of creating a new comprehensive plan for the Newton community.
7. The City Council will achieve their goal of ensuring that there are no negative balances within the City's various funds. This is yet another step forward in fiscal responsibility for the City Council after last year's success in ensuring that the general fund undesignated reserves were equal to 25% of expenditures.
6. No new employees are being hired as part of this budget and all departments are being asked to hold the line on new spending for the next fiscal year.
5. Critical public safety equipment is funded in the budget including firefighter personal protective equipment, self-contained breathing apparatus bottles, a new ambulance, power cots for two additional ambulances, new police vehicles and law enforcement equipment.
4. The Council will take advantage of favorable interest rates and the City's A+ bond rating in order to replace Fire Engine #2 and complete the environmental clean-up of the former manufactured gas plant site.
3. \$2 million worth of asphalt overlays and street reconstruction will take place as a result of this budget. City staff will also be planning for the reconstruction of Union Drive in the coming year.
2. The City Council will continue to fund the Dangerous and Dilapidated Housing Program (D&D) and D&D 2.0 projects, which remove blighted structures from our community and allow the City to partner with private contractors to improve our community's housing stock.
1. \$5 million worth of projects and equipment will be purchased for our sanitary sewer system, including improvements at the Water Pollution Control Plant, new pumps at the southwest pump station and the replacement of a jet/vac truck.

The City of: NEWTON County Name: JASPER COUNTY

Adopted On: (entered upon proposal) Resolution:

The below-signed certifies that the City Council, on the date stated above, lawfully approved the named resolution adopting a budget for next fiscal year, as summarized on this and the supporting pages.

		With Gas & Electric		Without Gas & Electric	City Number: 50-469 Last Official Census: 15,254
Regular	2a	473,085,445	2b	463,392,968	
DEBT SERVICE	3a	557,680,213	3b	547,987,736	
Ag Land	4a	2,356,397			

TAXES LEVIED

Purpose	Dollar Limit	ENTER FIRE DISTRICT RATE BELOW		Request with Utility Replacement	Property Taxes Levied		Rate
Regular General levy	8.10000			5 3,831,992	3,753,483	43	8.10000
Non-Voted Other Permissible Levies							
Contract for use of Bridge	0.67500			6	0	44	0.00000
Opr & Maint publicly owned Transit	0.95000			7	0	45	0.00000
Rent, Ins. Maint of Civic Center	Amt Nec			8	0	46	0.00000
Opr & Maint of City owned Civic Center	0.13500			9	0	47	0.00000
Planning a Sanitary Disposal Project	0.06750			10	0	48	0.00000
Aviation Authority (under sec.330A.15)	0.27000			11	0	49	0.00000
Levee Impr. fund in special charter city	0.06750			13	0	51	0.00000
Liability, property & self insurance costs	Amt Nec			14	190,000	52	0.40162
Support of a Local Emerg.Mgmt.Comm.	Amt Nec			462	22,881	465	0.04837
Voted Other Permissible Levies							
Instrumental/Vocal Music Groups	0.13500			15	0	53	0.00000
Memorial Building	0.81000			16	0	54	0.00000
Symphony Orchestra	0.13500			17	0	55	0.00000
Cultural & Scientific Facilities	0.27000			18	0	56	0.00000
County Bridge	As Voted			19	0	57	0.00000
Missi or Missouri River Bridge Const.	1.35000			20	0	58	0.00000
Aid to a Transit Company	0.03375			21	0	59	0.00000
Maintain Institution received by gift/devise	0.20500			22	0	60	0.00000
City Emergency Medical District	1.00000			463	0	466	0.00000
Support Public Library	0.27000			23	127,733	61	0.27000
Unified Law Enforcement	1.50000			24	0	62	0.00000
Total General Fund Regular Levies (5 thru 24)				25	4,172,606		
Ag Land	3.00375			26	7,078	63	3.00374
Total General Fund Tax Levies (25 + 26)				27	4,179,684		
Special Revenue Levies							
Emergency (if general fund at levy limit)	0.27000			28	0	64	0.00000
Police & Fire Retirement	Amt Nec			29	972,021		2.05464
FICA & IPERS (if general fund at levy limit)	Amt Nec			30	517,081		1.09300
Other Employee Benefits	Amt Nec			31	1,376,456		2.90953
Total Employee Benefit Levies (29,30,31)				32	2,865,558	65	6.05717
Sub Total Special Revenue Levies (28+32)				33	2,865,558		
As Req		With Gas & Elec Valuation	Without Gas & Elec Valuation				
SSMID 1		13,065,668	13,065,668	34	19,599	66	1.50004
SSMID 2		0	0	35	0	67	0.00000
SSMID 3		0	0	36	0	68	0.00000
SSMID 4		0	0	37	0	69	0.00000
SSMID 5		0	0	555	0	565	0.00000
SSMID 6		0	0	556	0	566	0.00000
SSMID 7		0	0	1177	0	1179	0.00000
SSMID 8		0	0	1185	0	1187	0.00000
Total Special Revenue Levies				39	2,885,157		
Debt Service Levy 76.10(6)	Amt Nec			40	1,261,943	70	2.26284
Capital Projects (Capital Improv. Reserve)	0.67500			41	0	71	0.00000
Total Property Taxes (27+39+40+41)				42	8,326,784	72	17.14000

(Signature)

(Date)

(County Auditor)

(Date)

NOTICE OF PUBLIC HEARING - CITY OF NEWTON - PROPOSED PROPERTY TAX LEVY
Fiscal Year July 1, 2021 - June 30, 2022

The City Council will conduct a public hearing on the proposed Fiscal Year City property tax levy as follows:

Meeting Date: 2/15/2021 **Meeting Time:** 06:00 PM **Meeting Location:** Council Chambers, 101 W 4th St S. or via Zoom (<https://us02web.zoom.us/j/83564044015>), Join zoom via phone: (call 312-626-6799 & enter ID # 83564044015)

At the public hearing any resident or taxpayer may present objections to, or arguments in favor of the proposed tax levy. After adoption of the proposed tax levy, the City Council will publish notice and hold a hearing on the proposed city budget.

City Website (if available)
www.newtongov.org

City Telephone Number
 (641) 792-2787 ext: 2003

	Current Year Certified Property Tax 2020 - 2021	Budget Year Effective Property Tax 2021 - 2022	Budget Year Proposed Maximum Property Tax 2021 - 2022	Annual % CHG
Regular Taxable Valuation	472,107,780	473,085,445	473,085,445	
Tax Levies:				
Regular General	3,824,073	3,824,073	3,831,992	
Contract for Use of Bridge	0	0	0	
Opr & Maint Publicly Owned Transit	0	0	0	
Rent, Ins. Maint. Of Non-Owned Civ. Ctr.	0	0	0	
Opr & Maint of City-Owned Civic Center	0	0	0	
Planning a Sanitary Disposal Project	0	0	0	
Liability, Property & Self-Insurance Costs	206,000	206,000	190,000	
Support of Local Emer. Mgmt. Commission	22,881	22,881	22,881	
Emergency	0	0	0	
Police & Fire Retirement	912,987	912,987	972,021	
FICA & IPERS	246,953	246,953	517,081	
Other Employee Benefits	1,700,331	1,700,331	1,376,456	
Total Tax Levy	6,913,225	6,913,225	6,910,431	-0.04
Tax Rate	14.64332	14.61306	14.60715	

Explanation of significant increases in the budget:

There will be no significant increases in the budgets supported by the above listed tax levies.

If applicable, the above notice also available online at:

www.facebook.com/cityofnewtoniowa www.facebook.com/GetToKnowNewton/ www.facebook.com/newtoniowafiredepartment www.facebook.com/NewtonParks www.facebook.com/NewtonPolice
www.twitter.com/GettoKnowNewton www.instagram.com/gettoknownewton/ www.nextdoor.com/agency-city/ia/newton/

*Total city tax rate will also include voted general fund levy, debt service levy, and capital improvement reserve levy.

**Budget year effective property tax rate is the rate that would be assessed for these levies if the dollars requested is not changed in the coming budget year

Commercial & Industrial Replacement Claim Estimation

City Name: NEWTON

Fiscal Year July 1, 2021 - June 30, 2022

This sheet has been designed to allow each city to estimate the amount of property tax reimbursement that will be received from the State for each fund.

		Commercial - Non-TIF	Commerical - TIF	Industrial - Non-TIF	Industrial - TIF		
Taxable	1	75,611,782	46,719,305	22,302,085	12,922,970		
100% Assessed	2	89,012,231	46,911,199	26,215,980	12,922,970		
A		REPLACEMENT					
General Fund	3		114,534		REVENUES, LINE 18		
Special Fund	4		78,657		REVENUES, LINE 18		
Debt Fund	5		29,710		REVENUES, LINE 18		
Capital Reserve Fund	6		0		REVENUES, LINE 18		
REPLACEMENT PAYMENT PERCENTAGE Beginning in FY 2021-2022, the amount of commercial & industrial replacement payments paid by the State of Iowa to local governments becomes limited by the total amount of payments made in FY 2016-2017. This limitation of total dollars available for repayment of commercial & industrial replacement claims may cause all payments to local governments to be pro-rated. The amount of proration necessary for the budget year will not be known until August, but the dropdown below will allow the estimated commercial & industrial replacement payments to be reduced by a selected proration percentage. To reduce that estimated amount of commercial & industrial replacement payment budgeted for the coming fiscal year, complete an esitmaton of the replacement payment above. Once complete, select a proration percentage from the list below. The proration percentage will limit the amount of estimated replacement payment budgeted. This will hopefully prevent an over estimation in the budget year revenues. Proration Percentage 75%							
Please input the amount of revenue being received from any grants or reimbursements from the State of Iowa, excluding the replacement amounts on lines 3 through 6 above. Separate the revenues by fund receiving the money.							
		General	Special Revenue	TIF Sp. Revenue	Debt Service	Capital Projects	Proprietary
Other State Grants & Reimbursements		10,500		375,000		2,800,000	

Commercial & Industrial Replacement Claim Estimation - SSMIDs

City Name: NEWTON

Fiscal Year July 1, 2021 - June 30, 2022

			Commercial - Reg	Industrial - Reg	Replacement
Special Fund - Total All SSMIDS		1			1,536
SSMID 1	Taxable	2	12,119,157	165,411	
	Assessed	3	13,465,730	183,790	1,536
SSMID 2	Taxable	4	0	0	
	Assessed	5	0	0	0
SSMID 3	Taxable	6	0	0	
	Assessed	7	0	0	0
SSMID 4	Taxable	8	0	0	
	Assessed	9	0	0	0
SSMID 5	Taxable	10	0	0	
	Assessed	11	0	0	0
SSMID 6	Taxable	12	0	0	
	Assessed	13	0	0	0
SSMID 7	Taxable	14	0	0	
	Assessed	15	0	0	0
SSMID 8	Taxable	16	0	0	
	Assessed	17	0	0	0

FUND BALANCE

City Name: NEWTON

Fiscal Year July 1, 2021 - June 30, 2022

		GENERAL	SPECIAL REVENUES	TIF SPECIAL REVENUES	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTAL GOVERNMENT	PROPRIETARY	GRAND TOTAL
Annual Report FY 2020										
Beginning Fund Balance July 1	1	2,023,352	1,580,157	-118,400	351,584	7,020,232	575,514	11,432,439	8,353,367	19,785,806
Actual Revenues Except Beg Balance	2	9,157,224	7,105,177	2,521,247	5,646,284	5,003,967	7,560	29,441,459	10,391,654	39,833,113
Actual Expenditures Except End Balance	3	8,369,105	7,531,854	2,577,616	5,871,698	7,457,814	0	31,808,087	8,343,200	40,151,287
Ending Fund Balance June 30	4	2,811,471	1,153,480	-174,769	126,170	4,566,385	583,074	9,065,811	10,401,821	19,467,632
Re-Estimated FY 2021										
Beginning Fund Balance	5	2,811,471	1,153,480	-174,769	126,170	4,566,385	583,074	9,065,811	10,401,821	19,467,632
Re-Est Revenues	6	9,310,042	7,757,218	3,121,978	7,361,031	4,940,500	0	32,490,769	9,488,889	41,979,658
Re-Est Expenditures	7	9,322,742	8,275,851	2,828,226	7,381,840	6,890,500	0	34,699,159	8,331,635	43,030,794
Ending Fund Balance	8	2,798,771	634,847	118,983	105,361	2,616,385	583,074	6,857,421	11,559,075	18,416,496
Budget FY 2022										
Beginning Fund Balance	9	2,798,771	634,847	118,983	105,361	2,616,385	583,074	6,857,421	11,559,075	18,416,496
Revenues	10	9,068,834	9,671,790	3,371,850	3,964,864	5,915,500	8,500	32,001,338	15,072,457	47,073,795
Expenditures	11	9,087,803	9,999,360	3,083,794	3,962,847	5,915,500	0	32,049,304	14,386,689	46,435,993
Ending Fund Balance	12	2,779,802	307,277	407,039	107,378	2,616,385	591,574	6,809,455	12,244,843	19,054,298

LOCAL EMC SUPPORT

City Name: NEWTON

Fiscal Year July 1, 2021 - June 30, 2022

As provided in Iowa Code Section 384.12, subsection 22, a city may levy the amount necessary in support of a local Emergency Management Commission. In addition to this individual levy, Emergency Management Commission support may also be included as part of the General Fund Levy. Iowa Code Section 29C.17, subsection 5 states that any support from cities or counties must be separately reported on tax statements issued by the county treasurer. Input the amount of General Fund Levy request to be used for support of an Emergency Management Commission. The total below will reflect the total amount of Emergency Management Commission support provided by the City.

	Request with Utility Replacement	Property Taxes Levied
Portion of General Fund Levy Used for Emerg. Mgmt. Comm.		0
Support of a Local Emerg.Mgmt.Comm.	22,881	22,414
TOTAL FOR FY 2022	22,881	22,414

RE-ESTIMATED EXPENDITURES SCHEDULE PAGE 1

City Name: NEWTON

Fiscal Year July 1, 2020 - June 30, 2021

GOVERNMENT ACTIVITIES CONT.		GENERAL	SPECIAL REVENUE	TIF SPECIAL REVENUES	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	PROPRIETARY	RE-ESTIMATED 2021	ACTUAL 2020
PUBLIC SAFETY										
Police Department/Crime Prevention	1	2,334,078	2,068,635						4,402,713	3,588,384
Jail	2								0	0
Emergency Management	3	22,881							22,881	22,881
Flood Control	4								0	0
Fire Department	5	1,939,900	1,640,109						3,580,009	3,319,188
Ambulance	6								0	0
Building Inspections	7	109,491	25,410						134,901	115,378
Miscellaneous Protective Services	8								0	0
Animal Control	9	40,000							40,000	31,875
Other Public Safety	10	5,200							5,200	3,171
TOTAL (lines 1 - 10)	11	4,451,550	3,734,154				0		8,185,704	7,080,877
PUBLIC WORKS										
Roads, Bridges, & Sidewalks	12	20,000	1,398,857						1,418,857	1,612,467
Parking - Meter and Off-Street	13								0	0
Street Lighting	14		250,000						250,000	247,638
Traffic Control and Safety	15		107,435						107,435	116,113
Snow Removal	16		450,100						450,100	251,552
Highway Engineering	17	156,905	81,964						238,869	222,673
Street Cleaning	18		56,548						56,548	55,762
Airport (if not Enterprise)	19	88,400							88,400	97,126
Garbage (if not Enterprise)	20	833,400							833,400	833,437
Other Public Works	21	49,993	121,927						171,920	155,848
TOTAL (lines 12 - 21)	22	1,148,698	2,466,831				0		3,615,529	3,592,616
HEALTH & SOCIAL SERVICES										
Welfare Assistance	23								0	0
City Hospital	24								0	0
Payments to Private Hospitals	25								0	0
Health Regulation and Inspection	26								0	0
Water, Air, and Mosquito Control	27								0	0
Community Mental Health	28								0	0
Other Health and Social Services	29								0	0
TOTAL (lines 23 - 29)	30	0	0				0		0	0
CULTURE & RECREATION										
Library Services	31	507,652	427,999						935,651	1,087,921
Museum, Band and Theater	32								0	0
Parks	33	594,831	370,081						964,912	873,380
Recreation	34	184,019	11,988						196,007	141,034
Cemetery	35	214,066	52,678						266,744	249,718
Community Center, Zoo, & Marina	36		18,000						18,000	0
Other Culture and Recreation	37		32,500						32,500	44,052
TOTAL (lines 31 - 37)	38	1,500,568	913,246				0		2,413,814	2,396,105

RE-ESTIMATED EXPENDITURES SCHEDULE PAGE 2

City Name: NEWTON

Fiscal Year July 1, 2020 - June 30, 2021

GOVERNMENT ACTIVITIES CONT.		GENERAL	SPECIAL REVENUE	TIF SPECIAL REVENUES	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	PROPRIETARY	RE-ESTIMATED 2021	ACTUAL 2020
COMMUNITY & ECONOMIC DEVELOPMENT										
Community Beautification	39		52,552						52,552	35,843
Economic Development	40	88,652	25,435						114,087	105,242
Housing and Urban Renewal	41								0	0
Planning & Zoning	42	237,772	74,679						312,451	322,403
Other Com & Econ Development	43	389,102	128,834						517,936	479,360
TIF Rebates	44			145,000					145,000	14,322
TOTAL (lines 39 - 44)	45	715,526	281,500	145,000			0		1,142,026	957,170
GENERAL GOVERNMENT										
Mayor, Council, & City Manager	46	188,050	56,238						244,288	239,851
Clerk, Treasurer, & Finance Adm.	47	458,065	135,135						593,200	560,880
Elections	48								0	5,963
Legal Services & City Attorney	49	92,000							92,000	84,758
City Hall & General Buildings	50	159,150							159,150	125,080
Tort Liability	51	320,000							320,000	190,570
Other General Government	52								0	0
TOTAL (lines 46 - 52)	53	1,217,265	191,373	0			0		1,408,638	1,207,102
DEBT SERVICE	54				7,381,840				7,381,840	5,871,698
Gov Capital Projects	55					4,937,500			4,937,500	6,634,096
TIF Capital Projects	56					1,953,000			1,953,000	0
TOTAL CAPITAL PROJECTS	57	0	0	0		6,890,500	0		6,890,500	6,634,096
TOTAL Governmental Activities Expenditures (lines 11+22+30+38+44+52+53+54)	58	9,033,607	7,587,104	145,000	7,381,840	6,890,500	0		31,038,051	27,739,664
BUSINESS TYPE ACTIVITIES Proprietary: Enterprise & Budgeted ISF										
Water Utility	59							3,317,279	3,317,279	3,247,906
Sewer Utility	60							2,707,153	2,707,153	2,340,668
Electric Utility	61								0	0
Gas Utility	62								0	0
Airport	63								0	0
Landfill/Garbage	64							1,125,391	1,125,391	1,049,174
Transit	65								0	0
Cable TV, Internet & Telephone	66								0	0
Housing Authority	67								0	0
Storm Water Utility	68								0	0
Other Business Type (city hosp., ISF, parking, etc.)	69							463,162	463,162	497,815
Enterprise DEBT SERVICE	70								0	0
Enterprise CAPITAL PROJECTS	71								0	0
Enterprise TIF CAPITAL PROJECTS	72								0	0
TOTAL BUSINESS TYPE EXPENDITURES (lines 59+72)	73							7,612,985	7,612,985	7,135,563
TOTAL ALL EXPENDITURES (lines 58+73)	74	9,033,607	7,587,104	145,000	7,381,840	6,890,500	0	7,612,985	38,651,036	34,875,227
Regular Transfers Out	75	289,135	688,747					718,650	1,696,532	2,712,766
Internal TIF Loan Transfers Out	76			2,683,226					2,683,226	2,563,294
Total ALL Transfers Out	77	289,135	688,747	2,683,226	0	0	0	718,650	4,379,758	5,276,060
Total Expenditures and Other Fin Uses (lines 74+77)	78	9,322,742	8,275,851	2,828,226	7,381,840	6,890,500	0	8,331,635	43,030,794	40,151,287
Ending Fund Balance June 30	79	2,798,771	634,847	118,983	105,361	2,616,385	583,074	11,559,075	18,416,496	19,467,632

RE-ESTIMATED REVENUES DETAIL

City Name: NEWTON

Fiscal Year July 1, 2020 - June 30, 2021

REVENUES & OTHER FINANCING SOURCES		GENERAL	SPECIAL REVENUE	TIF SPECIAL REVENUES	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	PROPRIETARY	RE-ESTIMATED 2021	ACTUAL 2020
Taxes Levied on Property	1	4,095,875	2,814,890		1,191,193				8,101,958	7,416,511
Less: Uncollected Property Taxes - Levy Year	2								0	0
Net Current Property Taxes (line 1 minus line 2)	3	4,095,875	2,814,890		1,191,193	0			8,101,958	7,416,511
Delinquent Property Taxes	4								0	0
TIF Revenues	5			2,334,178					2,334,178	2,027,593
Other City Taxes:										
Utility Tax Replacement Excise Taxes	6	91,409	62,545		22,987				176,941	182,409
Utility franchise tax (Iowa Code Chapter 364.2)	7								0	0
Parimutuel wager tax	8								0	0
Gaming wager tax	9								0	0
Mobile Home Taxes	10								0	0
Hotel/Motel Taxes	11	364,539							364,539	282,411
Other Local Option Taxes	12		2,058,042						2,058,042	1,565,459
Subtotal - Other City Taxes (lines 6 thru 12)	13	455,948	2,120,587		22,987	0			2,599,522	2,030,279
Licenses & Permits	14	308,125							308,125	247,111
Use of Money & Property	15	135,010	200	12,800	3,000			139,360	290,370	373,802
Intergovernmental:										
Federal Grants & Reimbursements	16	668,000							668,000	750,912
Road Use Taxes	17		2,000,000						2,000,000	1,960,724
Other State Grants & Reimbursements	18	132,719	81,570	55,000	29,979				299,268	330,382
Local Grants & Reimbursements	19	193,909		320,000	25,496				539,405	514,920
Subtotal - Intergovernmental (lines 16 thru 19)	20	994,628	2,081,570	375,000	55,475	0		0	3,506,673	3,556,938
Charges for Fees & Service:										
Water Utility	21							3,657,700	3,657,700	4,061,983
Sewer Utility	22							2,913,830	2,913,830	2,934,396
Electric Utility	23								0	0
Gas Utility	24								0	0
Parking	25								0	0
Airport	26	13,700							13,700	22,619
Landfill/Garbage	27	835,000						1,800,000	2,635,000	2,843,860
Hospital	28								0	0
Transit	29								0	0
Cable TV, Internet & Telephone	30								0	0
Housing Authority	31								0	0
Storm Water Utility	32								0	0
Other Fees & Charges for Service	33	1,452,790						315,000	1,767,790	1,685,571
Subtotal - Charges for Service (lines 21 thru 33)	34	2,301,490	0		0	0	0	8,686,530	10,988,020	11,548,429
Special Assessments	35	20,000			1,500				21,500	13,093
Miscellaneous	36	311,852	111,938					180,864	604,654	1,362,212
Other Financing Sources:										
Regular Operating Transfers In	37	476,214	628,033		111,150			481,135	1,696,532	2,712,766
Internal TIF Loan Transfers In	38	168,000			2,515,226				2,683,226	2,563,294
Subtotal ALL Operating Transfers In	39	644,214	628,033	0	2,626,376	0	0	481,135	4,379,758	5,276,060
Proceeds of Debt (Excluding TIF Internal Borrowing)	40				3,460,500	4,940,500			8,401,000	5,678,000
Proceeds of Capital Asset Sales	41	42,900		400,000				1,000	443,900	303,085
Subtotal-Other Financing Sources (lines 36 thru 38)	42	687,114	628,033	400,000	6,086,876	4,940,500	0	482,135	13,224,658	11,257,145
Total Revenues except for beginning fund balance (lines 3, 4, 5, 12, 13, 14, 19, 33, 34, 35, & 39)	43	9,310,042	7,757,218	3,121,978	7,361,031	4,940,500	0	9,488,889	41,979,658	39,833,113
Beginning Fund Balance July 1	44	2,811,471	1,153,480	-174,769	126,170	4,566,385	583,074	10,401,821	19,467,632	19,785,806
TOTAL REVENUES & BEGIN BALANCE (lines 43 & 44)		12,121,513	8,910,698	2,947,209	7,487,201	9,506,885	583,074	19,890,710	61,447,290	59,618,919

EXPENDITURES SCHEDULE PAGE 1

City Name: NEWTON

Fiscal Year July 1, 2021 - June 30, 2022

GOVERNMENT ACTIVITIES		GENERAL	SPECIAL REVENUES	TIF SPECIAL REVENUES	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	PROPRIETARY	BUDGET 2022	RE-ESTIMATED 2021	ACTUAL 2020
PUBLIC SAFETY											
Police Department/Crime Prevention	1	2,189,179	1,907,503						4,096,682	4,402,713	3,588,384
Jail	2								0	0	0
Emergency Management	3	23,000							23,000	22,881	22,881
Flood Control	4								0	0	0
Fire Department	5	1,916,119	1,840,894						3,757,013	3,580,009	3,319,188
Ambulance	6								0	0	0
Building Inspections	7	115,027	26,364						141,391	134,901	115,378
Miscellaneous Protective Services	8								0	0	0
Animal Control	9	25,000							25,000	40,000	31,875
Other Public Safety	10	4,000							4,000	5,200	3,171
TOTAL (lines 1 - 10)	11	4,272,325	3,774,761				0		8,047,086	8,185,704	7,080,877
PUBLIC WORKS											
Roads, Bridges, & Sidewalks	12	24,500	3,409,865						3,434,365	1,418,857	1,612,467
Parking - Meter and Off-Street	13								0	0	0
Street Lighting	14		250,000						250,000	250,000	247,638
Traffic Control and Safety	15								0	107,435	116,113
Snow Removal	16		259,372						259,372	450,100	251,552
Highway Engineering	17	164,874	87,019						251,893	238,869	222,673
Street Cleaning	18		48,106						48,106	56,548	55,762
Airport	19	89,300							89,300	88,400	97,126
Garbage (if not Enterprise)	20	1,000,000							1,000,000	833,400	833,437
Other Public Works	21	54,158	184,847						239,005	171,920	155,848
TOTAL (lines 12 - 21)	22	1,332,832	4,239,209				0		5,572,041	3,615,529	3,592,616
HEALTH & SOCIAL SERVICES											
Welfare Assistance	23								0	0	0
City Hospital	24								0	0	0
Payments to Private Hospitals	25								0	0	0
Health Regulation and Inspection	26								0	0	0
Water, Air, and Mosquito Control	27								0	0	0
Community Mental Health	28								0	0	0
Other Health and Social Services	29								0	0	0
TOTAL (lines 23 - 29)	30	0	0				0		0	0	0
CULTURE & RECREATION											
Library Services	31	683,306	173,010						856,316	935,651	1,087,921
Museum, Band and Theater	32								0	0	0
Parks	33	544,689	379,878						924,567	964,912	873,380
Recreation	34	184,026	12,652						196,678	196,007	141,034
Cemetery	35	237,069	63,235						300,304	266,744	249,718
Community Center, Zoo, & Marina	36		20,000						20,000	18,000	0
Other Culture and Recreation	37		32,500						32,500	32,500	44,052
TOTAL (lines 31 - 37)	38	1,649,090	681,275				0		2,330,365	2,413,814	2,396,105

EXPENDITURES SCHEDULE PAGE 2

City Name: NEWTON

Fiscal Year July 1, 2021 - June 30, 2022

GOVERNMENT ACTIVITIES		GENERAL	SPECIAL REVENUES	TIF SPECIAL REVENUES	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	PROPRIETARY	BUDGET 2022	RE-ESTIMATED 2021	ACTUAL 2020
COMMUNITY & ECONOMIC DEVELOPMENT											
Community Beautification	39		60,997						60,997	52,552	35,843
Economic Development	40	90,609	26,580						117,189	114,087	105,242
Housing and Urban Renewal	41								0	0	0
Planning & Zoning	42	249,424	78,291						327,715	312,451	322,403
Other Com & Econ Development	43	333,288	268,000						601,288	517,936	479,360
TIF Rebates	44			310,167					310,167	145,000	14,322
TOTAL (lines 39 - 44)	45	673,321	433,868	310,167			0		1,417,356	1,142,026	957,170
GENERAL GOVERNMENT											
Mayor, Council, & City Manager	46	188,700	57,762						246,462	244,288	239,851
Clerk, Treasurer, & Finance Adm.	47	495,365	120,470						615,835	593,200	560,880
Elections	48	7,000							7,000	0	5,963
Legal Services & City Attorney	49	92,000							92,000	92,000	84,758
City Hall & General Buildings	50	101,300							101,300	159,150	125,080
Tort Liability	51	200,000							200,000	320,000	190,570
Other General Government	52								0	0	0
TOTAL (lines 46 - 52)	53	1,084,365	178,232	0			0		1,262,597	1,408,638	1,207,102
DEBT SERVICE	54				3,962,847				3,962,847	7,381,840	5,871,698
Gov Capital Projects	55					5,915,500			5,915,500	4,937,500	6,634,096
TIF Capital Projects	56								0	1,953,000	0
TOTAL CAPITAL PROJECTS	57	0	0	0		5,915,500	0		5,915,500	6,890,500	6,634,096
TOTAL Government Activities Expenditures (lines 11+22+30+38+45+53+54+57)	58	9,011,933	9,307,345	310,167	3,962,847	5,915,500	0		28,507,792	31,038,051	27,739,664
BUSINESS TYPE ACTIVITIES											
Proprietary: Enterprise & Budgeted ISF											
Water Utility	59							3,088,263	3,088,263	3,317,279	3,247,906
Sewer Utility	60							2,007,858	2,007,858	2,707,153	2,340,668
Electric Utility	61							0	0	0	0
Gas Utility	62							0	0	0	0
Airport	63							0	0	0	0
Landfill/Garbage	64							1,032,492	1,032,492	1,125,391	1,049,174
Transit	65							0	0	0	0
Cable TV, Internet & Telephone	66							0	0	0	0
Housing Authority	67							0	0	0	0
Storm Water Utility	68							444,603	444,603	0	0
Other Business Type (city hosp., ISF, parking, etc.)	69							446,037	446,037	463,162	497,815
Enterprise DEBT SERVICE	70							671,642	671,642	0	0
Enterprise CAPITAL PROJECTS	71							5,979,144	5,979,144	0	0
Enterprise TIF CAPITAL PROJECTS	72							0	0	0	0
TOTAL Business Type Expenditures (lines 59 - 72)	73							13,670,039	13,670,039	7,612,985	7,135,563
TOTAL ALL EXPENDITURES (lines 58 + 73)	74	9,011,933	9,307,345	310,167	3,962,847	5,915,500	0	13,670,039	42,177,831	38,651,036	34,875,227
Regular Transfers Out	75	75,870	692,015					716,650	1,484,535	1,696,532	2,712,766
Internal TIF Loan / Repayment Transfers Out	76			2,773,627					2,773,627	2,683,226	2,563,294
Total ALL Transfers Out	77	75,870	692,015	2,773,627	0	0	0	716,650	4,258,162	4,379,758	5,276,060
Total Expenditures & Fund Transfers Out (lines 74+77)	78	9,087,803	9,999,360	3,083,794	3,962,847	5,915,500	0	14,386,689	46,435,993	43,030,794	40,151,287
Ending Fund Balance June 30	79	2,779,802	307,277	407,039	107,378	2,616,385	591,574	12,244,843	19,054,298	18,416,496	19,467,632

REVENUES DETAIL

City Name: NEWTON

Fiscal Year July 1, 2021 - June 30, 2022

		GENERAL	SPECIAL REVENUES	TIF SPECIAL REVENUES	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	PROPRIETARY	BUDGET 2022	RE-ESTIMATED 2021	ACTUAL 2020
REVENUES & OTHER FINANCING SOURCES											
Taxes Levied on Property	1	4,094,199	2,826,450		1,240,009	0			8,160,658	8,101,958	7,416,511
Less: Uncollected Property Taxes - Levy Year	2								0	0	0
Net Current Property Taxes (line 1 minus line 2)	3	4,094,199	2,826,450		1,240,009	0			8,160,658	8,101,958	7,416,511
Delinquent Property Taxes	4								0	0	0
TIF Revenues	5			2,593,050					2,593,050	2,334,178	2,027,593
Other City Taxes:											
Utility Tax Replacement Excise Taxes	6	85,485	58,707		21,934	0			166,126	176,941	182,409
Utility franchise tax (Iowa Code Chapter 364.2)	7								0	0	0
Parimutuel wager tax	8								0	0	0
Gaming wager tax	9								0	0	0
Mobile Home Taxes	10								0	0	0
Hotel/Motel Taxes	11	280,000							280,000	364,539	282,411
Other Local Option Taxes	12		1,850,000						1,850,000	2,058,042	1,565,459
Subtotal - Other City Taxes (lines 6 thru 12)	13	365,485	1,908,707		21,934	0			2,296,126	2,599,522	2,030,279
Licenses & Permits	14	317,875							317,875	308,125	247,111
Use of Money & Property	15	100,050		3,800	2,000			95,360	201,210	290,370	373,802
Intergovernmental:											
Federal Grants & Reimbursements	16	280,000							280,000	668,000	750,912
Road Use Taxes	17		2,000,000						2,000,000	2,000,000	1,960,724
Other State Grants & Reimbursements	18	125,034	80,193	375,000	29,710	2,800,000		0	3,409,937	299,268	330,382
Local Grants & Reimbursements	19	327,704			25,496				353,200	539,405	514,920
Subtotal - Intergovernmental (lines 16 thru 19)	20	732,738	2,080,193	375,000	55,206	2,800,000		0	6,043,137	3,506,673	3,556,938
Charges for Fees & Service:											
Water Utility	21							3,585,106	3,585,106	3,657,700	4,061,983
Sewer Utility	22							3,059,021	3,059,021	2,913,830	2,934,396
Electric Utility	23							0	0	0	0
Gas Utility	24							0	0	0	0
Parking	25							0	0	0	0
Airport	26	14,000						14,000	14,000	13,700	22,619
Landfill/Garbage	27	1,000,000						2,000,000	3,000,000	2,635,000	2,843,860
Hospital	28							0	0	0	0
Transit	29							0	0	0	0
Cable TV, Internet & Telephone	30							0	0	0	0
Housing Authority	31							0	0	0	0
Storm Water Utility	32							600,000	600,000	0	0
Other Fees & Charges for Service	33	1,489,740						292,000	1,781,740	1,767,790	1,685,571
Subtotal - Charges for Service (lines 21 thru 33)	34	2,503,740	0		0	0	0	9,536,127	12,039,867	10,988,020	11,548,429
Special Assessments	35	14,000						14,000	14,000	21,500	13,093
Miscellaneous	36	209,670	201,440					170,100	581,210	604,654	1,362,212
Other Financing Sources:											
Regular Operating Transfers In	37	452,515	655,000		109,150			267,870	1,484,535	1,696,532	2,712,766
Internal TIF Loan Transfers In	38	237,062			2,536,565				2,773,627	2,683,226	2,563,294
Subtotal ALL Operating Transfers In	39	689,577	655,000	0	2,645,715	0	0	267,870	4,258,162	4,379,758	5,276,060
Proceeds of Debt (Excluding TIF Internal Borrowing)	40		2,000,000			3,115,500		5,000,000	10,115,500	8,401,000	5,678,000
Proceeds of Capital Asset Sales	41	41,500		400,000			8,500	3,000	453,000	443,900	303,085
Subtotal-Other Financing Sources (lines 38 thru 40)	42	731,077	2,655,000	400,000	2,645,715	3,115,500	8,500	5,270,870	14,826,662	13,224,658	11,257,145
Total Revenues except for beginning fund balance (lines 3, 4, 5, 13, 14, 15, 20, 34, 35, 36, & 41)	43	9,068,834	9,671,790	3,371,850	3,964,864	5,915,500	8,500	15,072,457	47,073,795	41,979,658	39,833,113
Beginning Fund Balance July 1	44	2,798,771	634,847	118,983	105,361	2,616,385	583,074	11,559,075	18,416,496	19,467,632	19,785,806
TOTAL REVENUES & BEGIN BALANCE (lines 42+43)	45	11,867,605	10,306,637	3,490,833	4,070,225	8,531,885	591,574	26,631,532	65,490,291	61,447,290	59,618,919

ADOPTED BUDGET SUMMARY

City Name: NEWTON

Fiscal Year July 1, 2021 - June 30, 2022

		GENERAL	SPECIAL REVENUES	TIF SPECIAL REVENUES	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	PROPRIETARY	BUDGET 2022	RE-ESTIMATED 2021	ACTUAL 2020
Revenues & Other Financing Sources											
Taxes Levied on Property	1	4,094,199	2,826,450		1,240,009	0			8,160,658	8,101,958	7,416,511
Less: Uncollected Property Taxes-Levy Year	2	0	0		0	0			0	0	0
Net Current Property Taxes	3	4,094,199	2,826,450		1,240,009	0			8,160,658	8,101,958	7,416,511
Delinquent Property Taxes	4	0	0		0	0			0	0	0
TIF Revenues	5			2,593,050					2,593,050	2,334,178	2,027,593
Other City Taxes	6	365,485	1,908,707		21,934	0			2,296,126	2,599,522	2,030,279
Licenses & Permits	7	317,875	0					0	317,875	308,125	247,111
Use of Money and Property	8	100,050	0	3,800	2,000	0	0	95,360	201,210	290,370	373,802
Intergovernmental	9	732,738	2,080,193	375,000	55,206	2,800,000		0	6,043,137	3,506,673	3,556,938
Charges for Fees & Service	10	2,503,740	0		0	0	0	9,536,127	12,039,867	10,988,020	11,548,429
Special Assessments	11	14,000	0		0	0		0	14,000	21,500	13,093
Miscellaneous	12	209,670	201,440		0	0	0	170,100	581,210	604,654	1,362,212
Sub-Total Revenues	13	8,337,757	7,016,790	2,971,850	1,319,149	2,800,000	0	9,801,587	32,247,133	28,755,000	28,575,968
Other Financing Sources:											
Total Transfers In	14	689,577	655,000	0	2,645,715	0	0	267,870	4,258,162	4,379,758	5,276,060
Proceeds of Debt	15	0	2,000,000	0	0	3,115,500		5,000,000	10,115,500	8,401,000	5,678,000
Proceeds of Capital Asset Sales	16	41,500	0	400,000	0	0	8,500	3,000	453,000	443,900	303,085
Total Revenues and Other Sources	17	9,068,834	9,671,790	3,371,850	3,964,864	5,915,500	8,500	15,072,457	47,073,795	41,979,658	39,833,113
Expenditures & Other Financing Uses											
Public Safety	18	4,272,325	3,774,761	0			0		8,047,086	8,185,704	7,080,877
Public Works	19	1,332,832	4,239,209	0			0		5,572,041	3,615,529	3,592,616
Health and Social Services	20	0	0	0			0		0	0	0
Culture and Recreation	21	1,649,090	681,275	0			0		2,330,365	2,413,814	2,396,105
Community and Economic Development	22	673,321	433,868	310,167			0		1,417,356	1,142,026	957,170
General Government	23	1,084,365	178,232	0			0		1,262,597	1,408,638	1,207,102
Debt Service	24	0	0	0	3,962,847		0		3,962,847	7,381,840	5,871,698
Capital Projects	25	0	0	0		5,915,500	0		5,915,500	6,890,500	6,634,096
Total Government Activities Expenditures	26	9,011,933	9,307,345	310,167	3,962,847	5,915,500	0		28,507,792	31,038,051	27,739,664
Business Type Proprietary: Enterprise & ISF	27							13,670,039	13,670,039	7,612,985	7,135,563
Total Gov & Bus Type Expenditures	28	9,011,933	9,307,345	310,167	3,962,847	5,915,500	0	13,670,039	42,177,831	38,651,036	34,875,227
Total Transfers Out	29	75,870	692,015	2,773,627	0	0	0	716,650	4,258,162	4,379,758	5,276,060
Total ALL Expenditures/Fund Transfers Out	30	9,087,803	9,999,360	3,083,794	3,962,847	5,915,500	0	14,386,689	46,435,993	43,030,794	40,151,287
Excess Revenues & Other Sources Over	31										
(Under) Expenditures/Transfers Out	32	-18,969	-327,570	288,056	2,017	0	8,500	685,768	637,802	-1,051,136	-318,174
Beginning Fund Balance July 1	33	2,798,771	634,847	118,983	105,361	2,616,385	583,074	11,559,075	18,416,496	19,467,632	19,785,806
Ending Fund Balance June 30	34	2,779,802	307,277	407,039	107,378	2,616,385	591,574	12,244,843	19,054,298	18,416,496	19,467,632

LONG TERM DEBT SCHEDULE - LT DEBT1

GENERAL OBLIGATION BONDS, TIF BONDS, REVENUE BONDS, LOANS, LEASE-PURCHASE PAYMENTS

Debt Name		Amount of Issue	Type of Debt Obligation	Debt Resolution Number	Principal Due FY	Interest Due FY	Total Obligation Due FY	Bond Reg./ Paying Agent Fees Due FY	Reductions due to Refinancing or Prepayment of Certified Debt	Paid from Funds OTHER THAN Current Year Debt Service Taxes	Amount Paid Current Year Debt Service Levy
GO Bond 2015A	1	4,790,000	GO	2015-149	565,000	63,026	628,026	450		500,228	128,248
GO Bond 2015B	2	4,705,000	GO	2015-151	489,999	61,089	551,088	450		214,075	337,463
GO Bond 2017A	3	1,448,000	GO	2017-181	109,000	38,905	147,905			44,494	103,411
GO Bond 2017B	4	1,632,000	GO	2017-267	104,000	31,101	135,101			93,952	41,149
GO Bond 2017C	5	2,388,000	GO	2017-267	150,001	67,272	217,273			217,273	0
GO Bond 2019A	6	4,310,000	GO	2019-026	170,000	142,238	312,238	450		288,263	24,425
GO Bond 2019B	7	3,095,000	GO	2019-064	0	102,098	102,098	450		70,138	32,410
GO Bond 2019C	8	1,995,000	GO	2019-218	70,000	46,352	116,352	450		68,454	48,348
2019 IFA Loan	9	450,000	GO	2018-136	21,467	4,029	25,496			25,496	0
GO Bond 2020A	10	2,340,000	GO	2020-092	0	70,200	70,200	450		45,150	25,500
GO Bond 2020B	11	1,230,000	GO	2020-093	0	39,662	39,662	450		29,694	10,418
GO Bond 2020C	12	5,745,000	GO	2020-228	1,020,000	93,500	1,113,500	450		1,099,161	14,789
GO Bond 2020D	13	1,530,000	GO	2020-229	485,000	14,859	499,859	450		4,527	495,782
Sewer State Revolving Funds 2003	14	2,261,000	NON-GO	2003-040	143,000	5,093	148,093	727		148,820	0
Sewer State Revolving Funds 2007	15	2,561,000	NON-GO	2007-026	145,000	16,503	161,503	2,357		163,860	0
Sewer State Revolving Funds 2010	16	469,000	NON-GO	2010-009	24,000	4,340	28,340	620		28,960	0
	17	-	-				0				0
	18	-	-				0				0
	19	-	-				0				0
	20	-	-				0				0
	21	-	-				0				0
	22	-	-				0				0
	23	-	-				0				0
	24	-	-				0				0
	25	-	-				0				0
	26	-	-				0				0
	27	-	-				0				0
	28	-	-				0				0
	29	-	-				0				0
	30	-	-				0				0
TOTALS					3,496,467	800,267	4,296,734	7,754	0	3,042,545	1,261,943

LONG TERM DEBT SCHEDULE - GRAND TOTALS

GENERAL OBLIGATION BONDS, TIF BONDS, REVENUE BONDS, LOANS, LEASE-PURCHASE PAYMENTS

	Principal Due FY 2022	Interest Due FY 2022	Total Obligation Due FY 2022	Bond Reg./ Paying Agent Fees Due FY 2022	Reductions due to Refinancing or Prepayment of Certified Debt	Paid from Sources OTHER THAN Budget Year Debt Service Levy	Amount Paid Budget Year Debt Service Levy
GO - TOTAL	3,184,467	774,331	3,958,798	4,050	0	2,700,905	1,261,943
NON GO - TOTAL	312,000	25,936	337,936	3,704	0	341,640	0
GRAND - TOTAL	3,496,467	800,267	4,296,734	7,754	0	3,042,545	1,261,943

NOTICE OF PUBLIC HEARING -- PROPOSED BUDGET

Fiscal Year July 1, 2021 - June 30, 2022

The City of: NEWTON

The City Council will conduct a public hearing on the proposed budget as follows:

Location: Council Chambers, 101 W 4th St S. or via Zoom (<https://us02web.zoom.us/j/83564044015>), Join zoom via phone: (call 312-626-6799 & enter ID # 83564044015) Meeting Date: 3/15/2021 Meeting Time: 06:00 PM

The Budget Estimate Summary of proposed receipts and expenditures is shown below. Copies of the the detailed proposed Budget may be obtained or viewed at the offices of the Mayor, City Clerk, and at the Library.				
The estimated Total tax levy rate per \$1000 valuation on regular property				
17.14000				
The estimated tax levy rate per \$1000 valuation on Agricultural land is				
3.00374				
At the public hearing, any resident or taxpayer may present objections to, or arguments in favor of, any part of the proposed budget.				
Phone Number (641) 792-2787 ext: 2003		City Clerk/Finance Officer's NAME Lisa Frasier		
		Budget FY 2022	Re-estimated FY 2021	Actual FY 2020
Revenues & Other Financing Sources				
Taxes Levied on Property	1	8,160,658	8,101,958	7,416,511
Less: Uncollected Property Taxes-Levy Year	2	0	0	0
Net Current Property Taxes	3	8,160,658	8,101,958	7,416,511
Delinquent Property Taxes	4	0	0	0
TIF Revenues	5	2,593,050	2,334,178	2,027,593
Other City Taxes	6	2,296,126	2,599,522	2,030,279
Licenses & Permits	7	317,875	308,125	247,111
Use of Money and Property	8	201,210	290,370	373,802
Intergovernmental	9	6,043,137	3,506,673	3,556,938
Charges for Fees & Service	10	12,039,867	10,988,020	11,548,429
Special Assessments	11	14,000	21,500	13,093
Miscellaneous	12	581,210	604,654	1,362,212
Other Financing Sources	13	10,568,500	8,844,900	5,981,085
Transfers In	14	4,258,162	4,379,758	5,276,060
Total Revenues and Other Sources	15	47,073,795	41,979,658	39,833,113
Expenditures & Other Financing Uses				
Public Safety	16	8,047,086	8,185,704	7,080,877
Public Works	17	5,572,041	3,615,529	3,592,616
Health and Social Services	18	0	0	0
Culture and Recreation	19	2,330,365	2,413,814	2,396,105
Community and Economic Development	20	1,417,356	1,142,026	957,170
General Government	21	1,262,597	1,408,638	1,207,102
Debt Service	22	3,962,847	7,381,840	5,871,698
Capital Projects	23	5,915,500	6,890,500	6,634,096
Total Government Activities Expenditures	24	28,507,792	31,038,051	27,739,664
Business Type / Enterprises	25	13,670,039	7,612,985	7,135,563
Total ALL Expenditures	26	42,177,831	38,651,036	34,875,227
Transfers Out	27	4,258,162	4,379,758	5,276,060
Total ALL Expenditures/Transfers Out	28	46,435,993	43,030,794	40,151,287
Excess Revenues & Other Sources Over (Under) Expenditures/Transfers Out	29	637,802	-1,051,136	-318,174
Beginning Fund Balance July 1	30	18,416,496	19,467,632	19,785,806
Ending Fund Balance June 30	31	19,054,298	18,416,496	19,467,632

City of Newton FY 2020-21 Fund Balance Projections

Assumptions: 1. All transfers are included in both revenue and expenditure figures
2. Projected fund balance is based on spending 100% of budgeted expenditures

	General Government Funds				Special Revenue Funds							TIF Special Revenue Funds								Debt Service Funds	Capital Projects	Permanent Funds		Proprietary Funds					Total
	General	Tort Liability	Hotel/ Motel Tax Fund	City Garage	Road Use Tax	Employee Benefits	Insurance Fund	LOST Tax Fund	Housing Initiative	SSMID Fund	Home town Rewards	SW TIF	North Central TIF	Speedway/ PF TIF	East Mart TIF	Maytag Plant 2 TIF	Cardinal Ridge Housing TIF	Fairmeadow s N Housing TIF	1st Ave E TIF	Debt Service	Capital Funds	Perpetual Care	Maytag Endowmen t	WPC	Landfill	Landfill Post Closure	Storm Water	Golf	
	001	012	024	082	110	112	115	121	161	162	170	125	126	127	128	129	130	132	134	200		501,503	502	610	670	671	740	750	
Actual Fund Balance 6-30-20	\$ 2,731,191	\$ 13,211	\$ 20,554	\$ 46,515	\$ 602,532	\$ 195,435	\$ 51,050	\$ -	\$ 279,648	\$ 13,671	\$ 11,144	\$ 49,215	\$ 67,418	\$ (400,643)	\$ 304	\$ 4,238	\$ -	\$ 104,699	\$ -	\$ 126,170	\$ 4,566,385	\$ 349,754	\$ 233,320	\$ 1,106,013	\$ 6,364,177	\$ 2,461,956	\$ -	\$ (344,402)	\$ 18,653,555
2020-21 Budgeted Revenues	\$ 8,336,832	\$ 221,875	\$ 421,539	\$ 29,796	\$ 2,007,500	\$ 3,674,312	\$ -	\$ 1,600,000	\$ -	\$ 17,364	\$ -	\$ 40,790	\$ 899,278	\$ 1,408,530	\$ 120,126	\$ -	\$ 26,975	\$ 430,321	\$ 65,958	\$ 11,175,531	\$ 4,940,500	\$ -	\$ -	\$ 2,951,410	\$ 1,900,548	\$ 232,000	\$ -	\$ 747,731	\$ 41,248,916
2020-21 Revenue Adjustments	\$ 200,000	\$ 100,000				\$ 90,000		\$ 368,042					\$ 130,000														\$ 150,000		\$ 1,038,042
2020-21 Budgeted Expenditures	\$ 8,496,237	\$ 320,000	\$ 421,539	\$ 29,193	\$ 2,352,975	\$ 3,625,276	\$ 60,533	\$ 1,600,000	\$ 100,000	\$ 17,364	\$ 11,470	\$ 11,250	\$ 989,786	\$ 1,420,914	\$ 90,985	\$ -	\$ -	\$ 315,291	\$ -	\$ 10,696,340	\$ 6,890,500	\$ -	\$ -	\$ 3,018,303	\$ 1,532,891	\$ -	\$ -	\$ 463,162	\$ 42,464,009
2020-21 Expenditure Adjustments	\$ 55,773					\$ 150,000	\$ (9,483)	\$ 368,042			\$ (326)									\$ 500,000									\$ 1,064,006
Projected Fund Balance 6-30-21	\$ 2,716,013	\$ 15,086	\$ 20,554	\$ 47,118	\$ 257,057	\$ 184,471	\$ -	\$ -	\$ 179,648	\$ 13,671	\$ -	\$ 78,755	\$ 106,910	\$ (413,027)	\$ 29,445	\$ 4,238	\$ 26,975	\$ 219,729	\$ 65,958	\$ 105,361	\$ 2,616,385	\$ 349,754	\$ 233,320	\$ 1,039,120	\$ 6,731,834	\$ 2,693,956	\$ 150,000	\$ (59,833)	\$ 17,412,498
Projected Designated Funds	\$ 569,820	\$ 15,086	\$ 20,554	\$ 47,118	\$ 257,057	\$ 184,471	\$ -	\$ -	\$ 179,648	\$ 13,671	\$ -	\$ 78,755	\$ 106,910	\$ (413,027)	\$ 29,445	\$ 4,238	\$ 26,975	\$ 219,729	\$ 65,958	\$ 105,361	\$ 2,616,385	\$ 349,754	\$ 233,320	\$ 1,039,120	\$ 6,731,834	\$ 2,693,956	\$ 150,000	\$ (59,833)	\$ 15,266,305
Undesignated Reserves	\$ 2,146,193	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,146,193

25.1%

Operating Surplus / Deficit

\$ (15,178)

\$ 1,875

\$ -

\$ 603

\$ (345,475)

\$ (10,964)

\$ (51,050)

\$ -

\$ (100,000)

\$ -

\$ (11,144)

\$ 29,540

\$ 39,492

\$ (12,384)

\$ 29,141

\$ -

\$ 26,975

\$ 115,030

\$ 65,958

\$ (20,809)

\$ (1,950,000)

\$ -

\$ -

\$ (66,893)

\$ 367,657

\$ 232,000

\$ 150,000

\$ 284,569

\$ (1,241,057)

Designated Funds: *

General Funds: Library Deihl Estate \$550.921; NPD forfeiture \$18,899;

Hotel/Motel Tax: Newton Fest \$20,554

City of Newton FY 2021-22 Fund Balance Projections

Assumptions: 1. All transfers are included in both revenue and expenditure figures
2. Projected fund balance is based on spending 100% of budgeted expenditures

	General Government Funds				Special Revenue Funds					TIF Special Revenue Funds									Debt Service Funds	Capital Projects	Permanent Funds		Proprietary Funds					Total
	General	Tort Liability	Hotel/ Motel Tax Fund	City Garage	Road Use Tax	Employee Benefits	LOST Tax Fund	Housing Initiative	SSMID Fund	SW TIF	North Central TIF	Speedway/ PF TIF	East Mart TIF	Maytag Plant 2 TIF	Cardinal Ridge Housing TIF	Fairmeadow s N Housing TIF	1st Ave E TIF	2018 Mcann TIF	Debt Service	Capital Funds	Perpetual Care	Maytag Endowmen t	WPC	Landfill	Landfill Post Closure	Storm Water	Golf	
	001	012	024	082	110	112	121	161	162	125	126	127	128	129	130	132	134	136	200		501,503	502	610	670	671	740	750	
Projected Fund Balance 6-30-21	\$ 2,716,013	\$ 15,086	\$ 20,554	\$ 47,118	\$ 257,057	\$ 184,471	\$ -	\$ 179,648	\$ 13,671	\$ 78,755	\$ 106,910	\$ (413,027)	\$ 29,445	\$ 4,238	\$ 26,975	\$ 219,729	\$ 65,958	\$ -	\$ 105,361	\$ 2,616,385	\$ 349,754	\$ 233,320	\$ 1,039,120	\$ 6,731,834	\$ 2,693,956	\$ 150,000	\$ (59,833)	\$ 17,412,498
2021-22 Budgeted Revenues	\$ 8,497,819	\$ 205,215	\$ 337,000	\$ 28,800	\$ 4,007,500	\$ 3,693,155	\$ 1,850,000	\$ 100,000	\$ 21,135	\$ 36,582	\$ 1,038,236	\$ 1,394,082	\$ 270,822	\$ -	\$ 29,655	\$ 481,430	\$ 58,876	\$ 62,167	\$ 3,964,864	\$ 5,915,500	\$ 8,500	\$ -	\$ 8,088,121	\$ 2,073,360	\$ 220,000	\$ 600,000	\$ 505,870	\$ 43,488,689
2021-22 Budgeted Expenditures	\$ 8,518,245	\$ 200,000	\$ 337,000	\$ 32,558	\$ 4,096,234	\$ 3,785,126	\$ 1,850,000	\$ 250,000	\$ 18,000	\$ 53,626	\$ 1,079,364	\$ 1,390,884	\$ 112,566	\$ -	\$ -	\$ 360,187	\$ 25,000	\$ 62,167	\$ 3,962,847	\$ 5,915,500	\$ -	\$ -	\$ 8,422,794	\$ 1,938,992	\$ -	\$ 490,603	\$ 446,037	\$ 43,347,730
Projected Fund Balance 6-30-22	\$ 2,695,587	\$ 20,301	\$ 20,554	\$ 43,360	\$ 168,323	\$ 92,500	\$ -	\$ 29,648	\$ 16,806	\$ 61,711	\$ 65,782	\$ (409,829)	\$ 187,701	\$ 4,238	\$ 56,630	\$ 340,972	\$ 99,834	\$ -	\$ 107,378	\$ 2,616,385	\$ 358,254	\$ 233,320	\$ 704,447	\$ 6,866,202	\$ 2,913,956	\$ 259,397	\$ -	\$ 17,553,457
Projected Designated Funds	\$ 569,820	\$ 20,301	\$ 20,554	\$ 43,360	\$ 168,323	\$ 92,500	\$ -	\$ 29,648	\$ 16,806	\$ 61,711	\$ 65,782	\$ (409,829)	\$ 187,701	\$ 4,238	\$ 56,630	\$ 340,972	\$ 99,834	\$ -	\$ 107,378	\$ 2,616,385	\$ 358,254	\$ 233,320	\$ 704,447	\$ 6,866,202	\$ 2,913,956	\$ 259,397	\$ -	\$ 15,427,690
Undesignated Reserves	\$ 2,125,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,125,767

25.0%																																																								
Operating Surplus /																																																								
Deficit	\$	(20,426)	\$	5,215	\$	-	\$	(3,758)	\$	(88,734)	\$	(91,971)	\$	-	\$	(150,000)	\$	3,135	\$	(17,044)	\$	(41,128)	\$	3,198	\$	158,256	\$	-	\$	29,655	\$	121,243	\$	33,876	\$	-	\$	2,017	\$	-	\$	8,500	\$	-	\$	(334,673)	\$	134,368	\$	220,000	\$	109,397	\$	59,833	\$	140,959

Designated Funds:

General Funds: Library Deihl Estate/Library Donations \$550,921; NPD forfeiture \$18,899;

Hotel/Motel Tax: Newton Fest \$20,554

*

GENERAL FUND REVENUE AND EXPENDITURE SUMMARY

DEPARTMENT	2020-21 Budget			2021-22 Budget			2020-21 Budget vs. 2021-22 Budget
	Revenues	Expenditures	General Fund Usage	Revenues	Expenditures	General Fund Usage	
0000 Non Department	\$ (4,590,990)	\$ 281,135	\$ (4,309,855)	\$ (4,526,371)	\$ 67,870	\$ (4,458,501)	\$ 148,646
1010 Police	\$ (285,950)	\$ 2,278,305	\$ 1,992,355	\$ (310,050)	\$ 2,189,179	\$ 1,879,129	\$ 113,226
1050 Fire	\$ (1,674,383)	\$ 1,962,781	\$ 288,398	\$ (1,625,364)	\$ 1,939,119	\$ 313,755	\$ (25,357)
1070 Building	\$ (103,700)	\$ 109,491	\$ 5,791	\$ (103,700)	\$ 115,027	\$ 11,327	\$ (5,536)
1092 Animal Control	\$ -	\$ 40,000	\$ 40,000	\$ -	\$ 25,000	\$ 25,000	\$ 15,000
1900 Disaster Services	\$ -	\$ 5,200	\$ 5,200	\$ -	\$ 4,000	\$ 4,000	\$ 1,200
2010 Street	\$ (22,100)	\$ 20,000	\$ (2,100)	\$ (24,500)	\$ 24,500	\$ -	\$ (2,100)
2060 Engineering	\$ (25,000)	\$ 156,905	\$ 131,905	\$ (25,000)	\$ 164,874	\$ 139,874	\$ (7,969)
2080 Airport	\$ (81,400)	\$ 88,400	\$ 7,000	\$ (82,400)	\$ 89,300	\$ 6,900	\$ 100
2090 Solid Waste	\$ (835,200)	\$ 833,400	\$ (1,800)	\$ (1,000,000)	\$ 1,000,000	\$ -	\$ (1,800)
2900 PW Administration	\$ (500)	\$ 28,800	\$ 28,300	\$ (500)	\$ 29,600	\$ 29,100	\$ (800)
4010 Library	\$ (204,018)	\$ 507,652	\$ 303,634	\$ (192,777)	\$ 683,306	\$ 490,529	\$ (186,895)
4030 Parks	\$ (67,100)	\$ 441,394	\$ 374,294	\$ (68,000)	\$ 413,477	\$ 345,477	\$ 28,817
4040 Maytag Pool	\$ (102,000)	\$ 184,019	\$ 82,019	\$ (102,000)	\$ 184,026	\$ 82,026	\$ (7)
4050 Cemetery	\$ (144,910)	\$ 214,066	\$ 69,156	\$ (149,650)	\$ 237,069	\$ 87,419	\$ (18,263)
5020 Ec Development	\$ (20,000)	\$ 88,652	\$ 68,652	\$ (18,218)	\$ 90,609	\$ 72,391	\$ (3,739)
5040 Planning & Zoning	\$ (13,375)	\$ 237,772	\$ 224,397	\$ (71,415)	\$ 249,424	\$ 178,009	\$ 46,388
5150 TIF Funds	\$ (121,000)	\$ 121,000	\$ -	\$ (127,500)	\$ 127,500	\$ -	\$ -
6010 Executive	\$ -	\$ 188,050	\$ 188,050	\$ -	\$ 188,700	\$ 188,700	\$ (650)
6020 Administration	\$ (22,700)	\$ 254,004	\$ 231,304	\$ (22,700)	\$ 284,859	\$ 262,159	\$ (30,855)
6025 Finance	\$ (10,000)	\$ 204,061	\$ 194,061	\$ (34,504)	\$ 217,506	\$ 183,002	\$ 11,059
6040 Legal Services	\$ -	\$ 92,000	\$ 92,000	\$ -	\$ 92,000	\$ 92,000	\$ -
6050 City Center	\$ (12,506)	\$ 96,200	\$ 83,694	\$ (13,170)	\$ 101,300	\$ 88,130	\$ (4,436)
6051 PW Building	\$ -	\$ 62,950	\$ 62,950	\$ -	\$ -	\$ -	\$ 62,950
TOTALS	\$ (8,336,832)	\$ 8,496,237	\$ 159,405	\$ (8,497,819)	\$ 8,518,245	\$ 20,426	\$ 138,979

2021-22 Employee Benefits Budget Summary

<u>Department</u>	<u>FICA</u>	<u>IPERS</u>	<u>Pension</u>	<u>Health Insurance</u>	<u>Health Ins Reimb</u>	<u>Retiree /COBRA Insurance</u>	<u>Retiree/COBR A Reimb</u>	<u>Disability</u>	<u>Wellness/ Allowances</u>	<u>Workers Comp</u>	<u>21-22 Budget Totals</u>	<u>20-21 Budget</u>	<u>19-20 Actual</u>	<u>18-19 Actual</u>	<u>17-18 Actual</u>	<u>16-17 Actual</u>
1010 Police	53,450	26,348	530,000	724,655	(8,520)	44,850	(34,800)	-	-	26,000	1,361,983	1,285,826	1,196,656	1,142,223	1,063,524	972,396
1050 Fire	48,294	16,826	442,021	568,516	(3,792)	20,037	(12,213)	10,000	3,000	230,000	1,322,689	1,243,912	1,187,351	1,197,348	1,346,958	1,235,744
1070 Building	6,639	8,193	-	10,932	-	-	-	-	-	600	26,364	25,410	25,380	24,737	22,818	23,211
2010 Street	-	-	-	61,631	-	-	-	-	-	-	61,631	59,836	40,365	110,981	133,684	120,630
2040 Traffic Control	1,567	1,934	-	-	-	-	-	-	-	750	4,251	5,100	3,392	3,405	4,140	6,407
2060 Engineering	10,991	13,563	-	59,995	-	870	(870)	-	-	1,600	86,149	81,095	81,280	78,319	61,139	70,128
2070 Street Cleaning	-	-	-	19,466	-	-	-	-	-	-	19,466	20,185	20,533	19,764	17,463	19,205
2900 PW Admin	3,702	4,569	-	16,096	(4,000)	11,337	(11,337)	-	-	850	21,217	14,595	15,678	31,091	42,685	65,216
4010 Library	33,919	41,856	-	95,333	(2,530)	1,302	(870)	-	-	600	169,610	175,704	202,795	221,897	198,527	192,069
4030 Parks	31,467	61,000	-	162,843	(2,527)	8,700	(8,700)	-	-	4,500	257,283	255,069	210,685	198,527	114,822	98,523
4040 Maytag Pool	8,308	3,644	-	-	-	-	-	-	-	700	12,652	11,988	8,591	9,728	9,194	9,153
4050 Cemetery	14,227	13,892	-	25,284	-	7,832	(7,832)	-	-	2,000	55,403	42,430	44,484	41,750	31,733	50,431
5010 Comm Beautification	2,600	2,234	-	-	-	-	-	-	-	500	5,334	4,303	4,065	4,096	3,910	8,625
5020 Ec Development	6,059	7,477	-	11,760	(804)	434	(434)	-	-	850	25,342	24,197	22,999	22,961	29,606	41,450
5040 Planning & Zoning	16,952	19,550	-	40,589	-	-	-	-	-	1,200	78,291	74,679	73,220	53,656	71,092	64,247
6010 Executive	12,106	14,127	-	30,529	(414)	-	-	-	-	1,000	57,348	55,818	54,128	53,115	48,580	54,906
6020 Administration	14,439	17,817	-	37,511	(286)	-	(24)	-	4,500	200	74,157	92,318	63,204	69,084	73,377	66,981
6025 Finance	11,774	14,529	-	19,550	(1,487)	-	-	-	-	150	44,516	40,873	40,840	37,698	31,136	40,047
TOTALS:	276,494	267,559	972,021	1,884,690	(24,360)	95,362	(77,080)	10,000	7,500	271,500	3,683,686	3,513,338	3,295,646	3,320,380	3,304,388	3,139,369

City of Newton Council Report



Item: Ordinance amending the Code of Ordinances, City of Newton, Iowa, 2016, Title VII, Chapter 70, Section 70.15, "Traffic and Parking Schedules Adopted by Reference", to make changes to street parking in the 200 block of West Ninth Street North.

Report Number: 21-041

Date: February 15, 2021

Summary: To restrict street parking for safety purposes and accommodate current use.

Lead Department: Police Department

Financial Impact: None

Recommendation: Approve

Background:

The City received safety concerns from citizens regarding street parking along the section of roadway described below. These complaints are a result of vehicles being parked on both sides of streets that are too narrow to allow this parking capacity and still allow vehicles free and safe passage. A primary concern is that emergency vehicles may not be able to travel through this area on emergency calls and there is a heightened risk of motor vehicle and pedestrian accidents as a result of the current parking design.

The 200 block of W 9th St N is 25 feet wide and is not wide enough to safely accommodate parking on both sides of the street. The City of Newton Traffic Safety Committee has reviewed the situation and recommends restricting parking on west side from 1st Ave W to a point 175 feet north of the centerline of N 2nd Ave W. The Committee also recommends restricting parking on the east side beginning 125 feet north of the centerline on N 2nd Ave W, continuing to a point 165 feet north of the centerline on N 2nd Ave W.

Eleven (11) surveys describing the recommended changes were sent to the adjacent property owners along W 9th St N. Two (2) surveys were returned with one (1) resident agreeing with the recommended changes and one (1) opposing the recommended changes.

Recommendation:

Staff recommends approval of the ordinance amendment to restrict parking on the east and west sides of W 9th St N.

Matt Muckler
City Administrator

ORDINANCE NO. _____

ORDINANCE AMENDING THE CODE OF ORDINANCES, CITY OF NEWTON, IOWA, 2016, TITLE VII, CHAPTER 70, SECTION 70.15, "TRAFFIC AND PARKING SCHEDULES ADOPTED BY REFERENCE", TO MAKE CHANGES TO STREET PARKING IN THE 200 BLOCK OF WEST NINTH STREET NORTH.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NEWTON, IOWA:

Section 1. The Code of Ordinances, City of Newton, Iowa, 2016, Title VII, Chapter 70, Section 70.15, "Traffic and Parking Schedules Adopted by Reference" is hereby amended by adding or ~~deleting~~ the following:

NO PARKING ZONES. No one shall stop, stand or park a vehicle in any of the following specifically designated no parking zones except when necessary to avoid conflict with other traffic or in compliance with the direction of a peace officer or traffic control signal.

STREETS, NORTHWEST QUADRANT

West Ninth Street North.

"No Parking Anytime".

West side from First Avenue West to ~~North Second Avenue West~~ a point 175 feet north of the centerline of North Second Avenue West.

Eastside, from North Fifth Avenue West to North Seventh Avenue West.

East side beginning 125 feet north of the centerline of North Second Avenue West, continuing to a point 165 feet north of the centerline of North Second Avenue West

Section 2. Repealer Clause. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 3. Severability Clause. If any section, provision or part of this ordinance shall be adjudged invalid or unconstitutional, such adjudication shall not affect the validity of the ordinance as a whole or any section, provision or part thereof not adjudged invalid or unconstitutional.

Section 4. Effective. This ordinance shall be effective on _____, 2021, after the final passage, approval and publication as provided by law.

PASSED this ____ day of _____, 2021.

APPROVED this ____ day of _____, 2021.

(SEAL)

Michael L. Hansen, Mayor

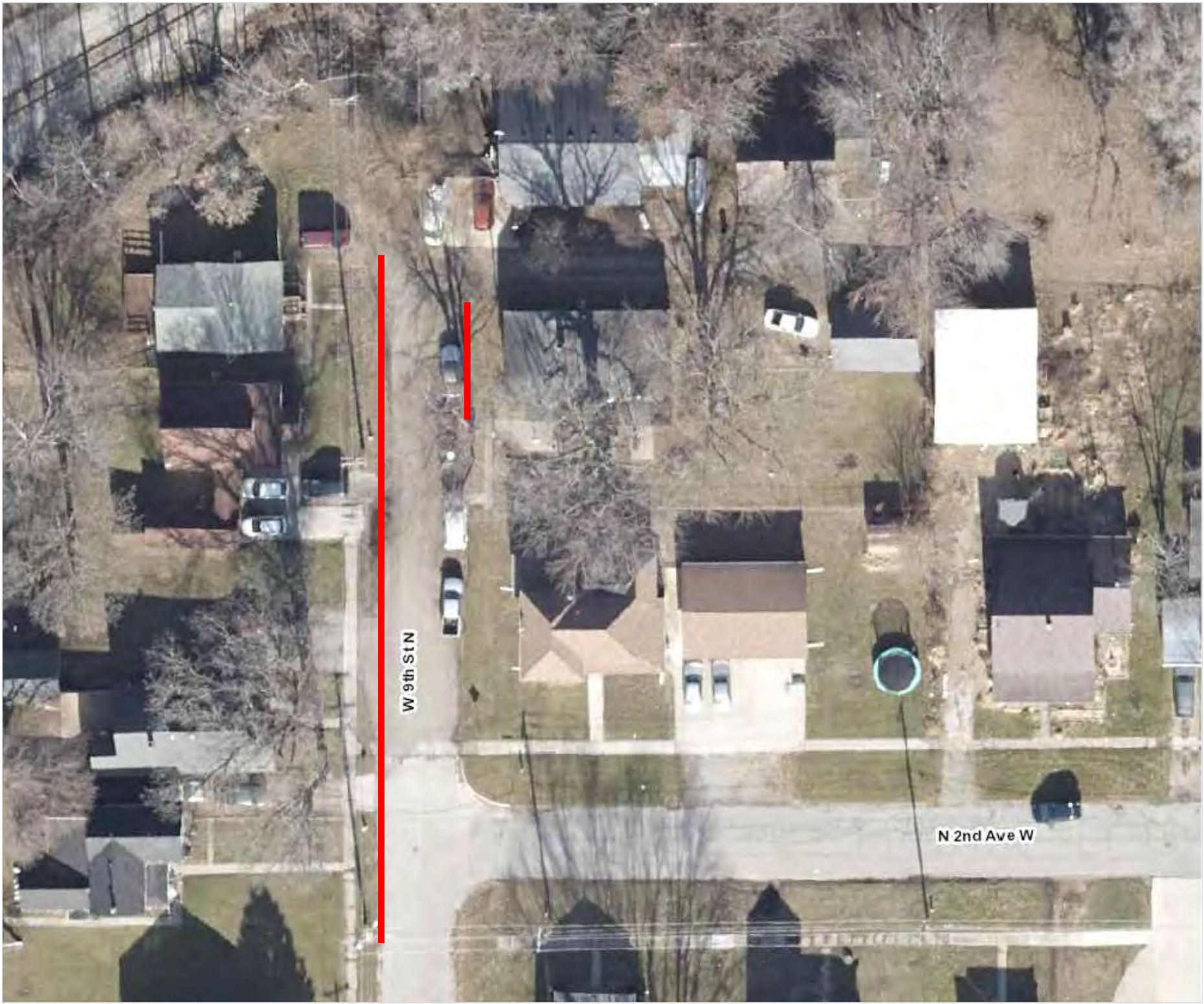
ATTEST:

Katrina Davis, City Clerk

I, Katrina Davis, City Clerk of the City of Newton, Iowa, do hereby certify that the foregoing Ordinance was passed and approved by the City Council of the City of Newton, Iowa on the ____ day of _____, 2021 and was published in the Newton Daily News, a newspaper of general circulation in the said City of Newton on the ____ day of _____, 2021.

Dated this ____ day of _____, 2021.

Katrina Davis, City Clerk



Parking Survey on W 9th St N

Mailed to:

818 N 2nd Ave W

821 N 2nd Ave W

210 W 9th St N

820 1st Ave W

115 W 9th St N

123 W 9th St N

127 W 9th St N

201 W 9th St N

209 W 9th St N

211 W 9th St N

212 W 9th St N-

Parking Survey—W 9th St N

Please complete the survey responding to the City of Newton's recommendation to restrict parking on the west side of W 9th N in the 200 blk and 25 feet from the north border on the east side in the 200 blk and return to the City of Newton Police Department by January, 25, 2021.

I agree with the proposed parking changes ☐

I oppose the proposed parking changes ☒

Comments from Resident at

210 W 9th St N

Parking Survey—W 9th ST N

Please complete the survey responding to the City of Newton's recommendation to restrict parking on the west side of W 9th N in the 200 blk and 25 feet from the north border on the east side in the 200 blk and return to the City of Newton Police Department by January, 25, 2021.

I agree with the proposed parking changes ☒

I oppose the proposed parking changes ☐

Comments from Resident at

Really needs to be NO parking on street @ all.

212 W 9th St N

both sides the road cannot be plowed or graded due to 210 W 9th St N. parking several vehicles on street.

City of Newton Council Report



Item: Ordinance amending the Code of Ordinances, City of Newton, Iowa, 2016, Title VII, Chapter 70, Section 70.15, "Traffic and Parking Schedules Adopted by Reference", to make changes to street parking in the 400-500 block of West Tenth Street North and the 900 block of North Fifth Ave West.

Summary: To restrict street parking for safety purposes and accommodate current use.

Financial Impact: None

Report Number: 21-042

Date: February 15, 2021

Lead Department: Police Department

Recommendation: Approve

Background:

The City received safety concerns from citizens regarding street parking along the section of roadway described below. These complaints are a result of vehicles being parked on both sides of streets that are too narrow to allow this parking capacity and still allow vehicles free and safe passage. A primary concern is that emergency vehicles may not be able to travel through this area on emergency calls and there is a heightened risk of motor vehicle and pedestrian accidents as a result of the current parking design.

The 400-500 block of W 10th St N and the center island area at the intersection of W 10th St N and N 5th Ave W is 25 feet wide and is not wide enough to safely accommodate parking on both sides of the street. The City of Newton Traffic Safety Committee has reviewed the situation and recommends restricting parking in the following areas:

W 10th ST N / N 5th Ave W

- West side of W 10th St N from N 4th Ave W to N 7th Ave W
- South and east side, beginning 110 feet north of the centerline of N 4th Ave W continuing 200 feet north and east along the east side of W 10th St N and the south side of N 5th Ave W
- North and west side, beginning at a point 70 feet east of the centerline of W 10th St N and 15 feet north of the centerline of N 5th Ave W, continuing 110 feet north and west along the north side of N 5th Ave W and the east side of W 10th St N
- Intersection island – 140 feet around the entire perimeter of the center island located at the centerline of W 10th St N and N 5th Ave W

Thirty (30) surveys describing the recommended changes were sent to the adjacent property owners along W 10th St N and N 5th Ave W. Eleven (11) surveys were returned with nine (9) residents agreeing with the recommended changes and one (2) opposing the recommended changes.

Recommendation:

Staff recommends approval of the ordinance amendment to restrict parking in the 400-500 blk. of W 10th St N and the 900 blk. N 5th Ave W.

A handwritten signature in black ink, appearing to read "Matt Muckler". The signature is fluid and cursive, with the first name "Matt" and last name "Muckler" clearly distinguishable.

Matt Muckler
City Administrator

ORDINANCE NO. _____

ORDINANCE AMENDING THE CODE OF ORDINANCES, CITY OF NEWTON, IOWA, 2016, TITLE VII, CHAPTER 70, SECTION 70.15, "TRAFFIC AND PARKING SCHEDULES ADOPTED BY REFERENCE", TO MAKE CHANGES TO STREET PARKING IN THE 400-500 BLOCK OF WEST TENTH STREET NORTH AND THE 900 BLOCK OF NORTH FIFTH AVENUE WEST.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NEWTON, IOWA:

Section 1. The Code of Ordinances, City of Newton, Iowa, 2016, Title VII, Chapter 70, Section 70.15, "Traffic and Parking Schedules Adopted by Reference" is hereby amended by adding or ~~deleting~~ the following:

NO PARKING ZONES. No one shall stop, stand or park a vehicle in any of the following specifically designated no parking zones except when necessary to avoid conflict with other traffic or in compliance with the direction of a peace officer or traffic control signal.

STREETS, NORTHWEST QUADRANT

West Tenth Street North.

"No Parking Anytime".

West side from First Avenue West north to North ~~Fourth~~ Seventh Avenue West.

East Side, from First Avenue West North one hundred forty (140) feet.

South and East side, beginning 110 feet north of the centerline of North Forth Avenue West, continuing 200 feet north and east along the east side of West Tenth Street North and the south side of North Fifth Avenue West

North and West Side, beginning at a point 70 feet east of the centerline of West Tenth Street North and 15 feet north of the centerline of North Fifth Avenue West, continuing 110 feet north and west along the north side of North Fifth Avenue West and the east side of West Tenth Street North

Intersection Island – 140 feet around the entire perimeter of the center island located at the centerline of West Tenth Street North and North Fifth Avenue West

Section 2. Repealer Clause. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 3. Severability Clause. If any section, provision or part of this ordinance shall be adjudged invalid or unconstitutional, such adjudication shall not affect the validity of the ordinance as a whole or any section, provision or part thereof not adjudged invalid or unconstitutional.

Section 4. Effective. This ordinance shall be effective on _____, 2021, after the final passage, approval and publication as provided by law.

PASSED this ____ day of _____, 2021.

APPROVED this ____ day of _____, 2021.

(SEAL)

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

I, Katrina Davis, City Clerk of the City of Newton, Iowa, do hereby certify that the foregoing Ordinance was passed and approved by the City Council of the City of Newton, Iowa on the ____ day of _____, 2021 and was published in the Newton Daily News, a newspaper of general circulation in the said City of Newton on the ____ day of _____, 2021.

Dated this ____ day of _____, 2021.

Katrina Davis, City Clerk



Parking Survey—W 10th St N and N 5th Ave W

Please complete the survey responding to the City of Newton's recommendation to restrict parking in the 400-600 blk on the west side of W 10th St, the north and south curves in the 900 blk of N 5th Ave W, and around the intersection island and return to the City of Newton Police Department by February 5th 2021.

I agree with the proposed parking changes ☐

I oppose the proposed parking changes ☐

Comments from Resident at _____

What About Cul de SAC? Never got a map-CAN we park in Cul de SAC

545 W 10th St N

Parking Survey—W 10th St N and N 5th Ave W

Please complete the survey responding to the City of Newton's recommendation to restrict parking in the 400-600 blk on the west side of W 10th St, the north and south curves in the 900 blk of N 5th Ave W, and around the intersection island and return to the City of Newton Police Department by February 5th 2021.

I agree with the proposed parking changes ☒

I oppose the proposed parking changes ☐

Comments from Resident at _____

543 W 10th St N

Parking Survey—W 10th St N and N 5th Ave W

Please complete the survey responding to the City of Newton's recommendation to restrict parking in the 400-600 blk on the west side of W 10th St, the north and south curves in the 900 blk of N 5th Ave W, and around the intersection island and return to the City of Newton Police Department by February 5th 2021.

I agree with the proposed parking changes ☐

I oppose the proposed parking changes ☒

Comments from Resident at _____

RESTRICT PARKING ON EAST SIDE OF
531 W 10th St N

Parking Survey—W 10th St N and N 5th Ave W

Please complete the survey responding to the City of Newton's recommendation to restrict parking in the 400-600 blk on the west side of W 10th St, the north and south curves in the 900 blk of N 5th Ave W, and around the intersection island and return to the City of Newton Police Department by February 5th 2021.

I agree with the proposed parking changes ☐

I oppose the proposed parking changes ☒

Comments from Resident at _____

I have Lived here for 19 years, why
is it a problem now,

535 W 10th St N

Parking Survey—W 10th St N and N 5th Ave W

Please complete the survey responding to the City of Newton's recommendation to restrict parking in the 400-600 blk on the west side of W 10th St , the north and south curves in the 900 blk of N 5th Ave W, and around the intersection island and return to the City of Newton Police Department by February 5th 2021.

- I agree with the proposed parking changes ☒
I oppose the proposed parking changes ☐

There was NO map enclosed with your Comments from Resident at Letter

901 N 5th Ave W

Parking Survey—W 10th St N and N 5th Ave W

Please complete the survey responding to the City of Newton's recommendation to restrict parking in the 400-600 blk on the west side of W 10th St , the north and south curves in the 900 blk of N 5th Ave W, and around the intersection island and return to the City of Newton Police Department by February 5th 2021.

- I agree with the proposed parking changes ☒
I oppose the proposed parking changes ☐

Comments from Resident at

Yes, Because they block my garage door + I can't get in or out

910 N 5th Ave W

Parking Survey—W 10th St N and N 5th Ave W

Please complete the survey responding to the City of Newton's recommendation to restrict parking in the 400-600 blk on the west side of W 10th St , the north and south curves in the 900 blk of N 5th Ave W, and around the intersection island and return to the City of Newton Police Department by February 5th 2021.

- I agree with the proposed parking changes ☒
I oppose the proposed parking changes ☐

Comments from Resident at

542 W 10th St N

Parking Survey—W 10th St N and N 5th Ave W

Please complete the survey responding to the City of Newton's recommendation to restrict parking in the 400-600 blk on the west side of W 10th St , the north and south curves in the 900 blk of N 5th Ave W, and around the intersection island and return to the City of Newton Police Department by February 5th 2021.

- I agree with the proposed parking changes ☒
I oppose the proposed parking changes ☐

Comments from Resident at

903 N 5th Ave W

Parking Survey—W 10th St N and N 5th Ave W

Please complete the survey responding to the City of Newton's recommendation to restrict parking in the 400-600 blk on the west side of W 10th St , the north and south curves in the 900 blk of N 5th Ave W, and around the intersection island and return to the City of Newton Police Department by February 5th 2021.

I agree with the proposed parking changes ☒

I oppose the proposed parking changes ☐

Comments from Resident at

needed Done for Along time

904 N 7th Ave W

Parking Survey—W 10th St N and N 5th Ave W

Please complete the survey responding to the City of Newton's recommendation to restrict parking in the 400-600 blk on the west side of W 10th St , the north and south curves in the 900 blk of N 5th Ave W, and around the intersection island and return to the City of Newton Police Department by February 5th 2021.

I agree with the proposed parking changes ☒

I oppose the proposed parking changes ☐

Comments from Resident at

906 N 7th Ave W

Parking Survey—W 10th St N and N 5th Ave W

Please complete the survey responding to the City of Newton's recommendation to restrict parking in the 400-600 blk on the west side of W 10th St , the north and south curves in the 900 blk of N 5th Ave W, and around the intersection island and return to the City of Newton Police Department by February 5th 2021.

I agree with the proposed parking changes ☒

I oppose the proposed parking changes ☐

Comments from Resident at

538 W 10th St N

Parking Survey—W 10th St N and N 5th Ave W

Please complete the survey responding to the City of Newton's recommendation to restrict parking in the 400-600 blk on the west side of W 10th St , the north and south curves in the 900 blk of N 5th Ave W, and around the intersection island and return to the City of Newton Police Department by February 5th 2021.

I agree with the proposed parking changes ☒

I oppose the proposed parking changes ☐

Comments from Resident at

916 N 4th Ave W

Parking Survey Results for 400-600blk W 10th St N and 900blk N 5th Ave W

1004 N 4th Ave W

538 W 10th St N: returned

916 N 4th Ave W

536 W 10th ST N

906 N 7th Ave W: returned

530 W 10th St N

904 N 7th Ave W: returned

905 N 7th Ave W

901 N 5th Ave W: returned

903 N 5th Ave W: returned

902 N 5th Ave W

906 N 5th Ave W

910 N 5th Ave W: returned

405 W 10th St N

407 W 10th St N

409 W 10th St N

531 W 10th St N: returned

533 W 10th St N

535 W 10th St N: returned

537 W 10th S N

539 W 10th St N

541 W 10th St N

543 W 10th St N: returned

545 W 10th St N: returned

547 W 10th St N

549 W 10th St N: vacant residence

544 W 10th St N

542 W 10th St N: returned

540 W 10th St N

City of Newton Council Report



Item: Ordinance amending the Code of Ordinances, City of Newton, Iowa, 2016, Title VII, Chapter 70, Section 70.15, "Traffic and Parking Offenses Adopted by Code Reference" by adding a "No Right Turn on Red" designation on the south quadrant of the East Twelfth Street and First Avenue intersection.

Summary: Add a "No Right Turn on Red" designation to improve safety at the intersection.

Financial Impact: Minimal

Report Number: 21-043

Date: February 15, 2021

Lead Department: Police Department

Recommendation:
Approve

Background:

The City received citizen complaints regarding the traffic flow at the intersection of E 12th St and 1st Ave. This area is a busy 4-way multi-lane intersection and citizens have reported safety concerns as it relates to vehicles turning right (east), when the traffic signal is a solid red, onto 1st Ave from E 12th St S due to limited visibility from the west. Although traffic accident reports for the past 3 years do not show accidents being caused by this issue, citizens report witnessing several "near misses".

The Traffic Safety Committee conducted a sight triangle analysis of the intersection and recommends designating the south quadrant of the E 12th St and 1st Ave intersection as "No Right Turn on Red" for vehicles desiring to turn right (east) onto 1st Ave from E 12th St S. The sight triangle at that intersection was determined to be insufficient for vehicles on E 12th St S desiring to turn right (east) onto 1st Ave to safely view conflicting vehicles/objects approaching from the west on 1st Ave E while the traffic signal was red, thus increasing the opportunity for collisions or other traffic disruptions.

If approved, signage designating this specific quadrant of the intersection "No Right Turn on Red" would be installed.

Recommendation:

City Staff recommends approval of the Ordinance designating the south quadrant of the E 12th St and 1st Ave intersection as "No Right Turn on Red" for vehicles desiring to turn right (east) onto 1st Ave from E 12th St S when the traffic signal is a solid red.

A handwritten signature in cursive script, appearing to read "Matt Muckler".

Matt Muckler
City Administrator

ORDINANCE NO. _____

ORDINANCE AMENDING THE CODE OF ORDINANCES, CITY OF NEWTON, IOWA, 2016, TITLE VII, CHAPTER 70, SECTION 70.15, "TRAFFIC AND PARKING OFFENSES ADOPTED BY REFERENCE" BY ADDING A "NO RIGHT TURN ON RED" DESIGNATION ON THE SOUTH QUADRANT OF THE EAST TWELFTH STREET AND FIRST AVENUE INTERSECTION.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NEWTON, IOWA:

Section 1. The Code of Ordinances, City of Newton, Iowa, 2016, Title VII, Chapter 70, Section 70.15 "Traffic and Parking Offenses Adopted by Reference" is hereby amended by adding or ~~deleting~~ the following:

SPECIAL TURNS

SPECIAL TURNS REQUIRED: Every driver of a vehicle shall turn in accordance with the following:

East Twelfth Street South. Vehicles traveling northbound on East Twelfth Street South shall not turn right at a solid red stop light at the following intersections.
First Avenue East

Section 2. Repealer Clause. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 3. Severability Clause. If any section, provision or part of this ordinance shall be adjudged invalid or unconstitutional, such adjudication shall not affect the validity of the ordinance as a whole or any section, provision or part thereof not adjudged invalid or unconstitutional.

Section 4. Effective. This ordinance shall be effective on _____, 2021, after the final passage, approval and publication as provided by law.

PASSED this ____ day of _____, 2021.

APPROVED this ____ day of _____, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

I, Katrina Davis, City Clerk of the City of Newton, Iowa, do hereby certify that the foregoing Ordinance was passed and approved by the City Council of the City of Newton, Iowa on the ____ day of _____, 2021 and was published in the Newton Daily News, a newspaper of general circulation in the said City of Newton on the ____ day of _____, 2021.

Dated this ____ day of _____, 2021.

City of Newton Council Report



Item:

An ordinance amending the Code of Ordinances, City of Newton, Iowa, 2016, Title IX, Chapter 94: Public Nuisances, Revisions and/or additions related to outside parking and storage of vehicles and trailers on residential property.

Report Number: 21-054

Date:

March 15, 2021

Summary:

The proposed code revisions include changes and additions to applicable code sections addressing outside parking and storage of vehicles and trailers on residential property.

Lead Department:

Police Department

Recommendation:

Approve

Financial Impact:

none

Background:

Chapter 94: Public Nuisances of the City Code of Ordinances addresses numerous potential nuisance code violations. This proposed ordinance change is related to outside parking and storage of vehicles and trailers on residential property. The revisions noted below are recommended by the City Attorney and City staff following a review of said Chapter 94.

Said proposed revisions include:

- Deleting the definition of a fifth-wheel trailer, and refining the definition of a trailer.
- Defining prohibited vehicles which shall not be parked or stored in residential areas:
 - o Dump trucks, construction equipment, semi-trailers, semi-tractors, semi-tractor-trailer combinations, and any other similar vehicles/units;
 - o Unlicensed commercial vehicles;
 - o Trailers used for over-the-road hauling (designed to be pulled by a semi-tractor) of liquids, gases, livestock, fuel, refrigerated foods, materials, vehicles, construction equipment, or other products or materials;
 - o Trailers used primarily for storage.
- Spelling out the purpose of this code section as to regulate outdoor parking and/or storage within the City. The City recognizes that property owners may own or store personal vehicles, recreational vehicles and certain trailers for their personal use. The City also recognizes that property owners may own a business or work for a business that allows them to bring a company vehicle home, however large commercial vehicles or equipment in residential areas has detrimental and blighting impacts upon the residential quality and character of such neighborhoods. Such vehicles:
 - o Obstruct views on streets and private property;

- o Create cluttered and otherwise unsightly areas;
- o Prevent full use of residential streets for residential parking;
- o Impair the free flow of traffic on residential streets;
- o Decrease adjoining landowners and occupants enjoyment of their property and neighborhood; and/or
- o Otherwise adversely affects property values and neighborhood patterns.

Recommendation:

Staff recommends approval of the ordinance.

A handwritten signature in black ink, appearing to read "Matt Muckler". The signature is fluid and cursive, with the first name "Matt" and last name "Muckler" clearly distinguishable.

Matt Muckler
City Administrator

ORDINANCE NO. _____

**AN ORDINANCE AMENDING THE CODE OF ORDINANCES, CITY OF
NEWTON, IOWA, 2016, TITLE IX, CHAPTER 94: PUBLIC NUISANCES,
REVISIONS AND/OR ADDITIONS RELATED TO OUTSIDE PARKING
AND STORAGE OF VEHICLES AND TRAILERS ON RESIDENTIAL
PROPERTY.**

SECTION 1. Purpose. Revisions to applicable code sections addressing roll-off dumpsters, outdoor furniture, shipping and storage containers, trailer and commercial vehicle parking, serving of nuisance violations, emergency abatements, and installment payment amounts are all proposed.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NEWTON, IOWA:

SECTION 1. Title IX, Chapter 94 is hereby amended by adding or ~~deleting~~ the following:

§ 94.03 OUTSIDE PARKING AND STORAGE.

(A) Definitions. For the purpose of this section, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

ALL-WEATHER SURFACE.

(a) An asphalt, Portland cement concrete, turf blocks or brick pavers of sufficient thickness to adequately support motor vehicles. Gravel is a permitted all-weather surface if it is at least three inches thick, free of all weeds for the entirety of the surface and contained on the owner's property in such a manner that it does not spread across any property line.

(b) No more than 50% of the front yard setback(s) on a property may be covered with an all-weather surface. This provision, however, shall not prevent the construction of hard surface paving to access the garage(s) for multiple attached dwellings, provided the design is approved through the site plan review process. Driveways exceeding 50% of the front yard setback(s) of any lot prior to the adoption of this chapter are exempt provided no additional surface area is added.

(c) No more than 60% of the total lot area on a residential property may be covered with an all-weather surface and/or building footprint. This limitation shall not apply to residential developments that have been constructed in accordance with an approved site plan. Residential properties exceeding 60% of the total maximum lot coverage requirement prior to the adoption of this regulation shall be allowed to remain, but no additional coverage is permitted.

~~***FIFTH-WHEEL TRAVEL TRAILER.*** A type of travel trailer which is towed by a pickup by a connecting device known as a fifth wheel. However, this type of travel trailer may have an overall length which shall not exceed 40 feet.~~

FRONT YARD AREA. Defined in § 94.01 of this chapter.

MOTORHOME. A motor vehicle designed as an integral unit to be used as a conveyance upon the public streets and highways and for use as a temporary or recreational dwelling.

MOTOR VEHICLE. Any motor vehicle as defined in Iowa Code § 321.1, including the following:

- (a) Motorized bicycle;
- (b) Motorcycle; and
- (c) All-terrain vehicles.

OUTSIDE. Defined in § 94.01 of this chapter.

PROHIBITED VEHICLES. The following vehicles shall not be permitted to be stored or parked in a residential zone or residentially zoned district:

- (a) Dump trucks, construction equipment, semi-trailers, semi-tractors, semi-tractor-trailer combinations, and any other similar vehicles/units;
- (b) Unlicensed commercial vehicles;
- (c) Trailers used for over-the-road hauling (designed to be pulled by a semi-tractor) of liquids, gases, livestock, fuel, refrigerated foods, materials, vehicles, construction equipment, or other products or materials;

(d) Trailers used primarily for storage.

SIDE YARD CORNER LOTS. Defined in § 94.01 of this chapter.

TRAILER. Every vehicle without motive power designed for carrying persons or property and for being drawn by a motor vehicle and so constructed that only tongue weights rests upon the towing vehicle. ~~TRAILERS not included in this definition shall include:~~

~~—— (a) Those normally used for over the road hauling (designed to be pulled by a semi-tractor) of liquids, gases, livestock, fuel, refrigerated foods, materials, vehicles, construction equipment, or other products or materials.~~

~~—— (b) Trailers being used primarily for the storage.~~

TRAVEL TRAILER. A vehicle without motive power used or so manufactured or constructed as to permit its being used as a conveyance upon the public streets and highways and so designed to permit the vehicle to be used as a place of human habitation by one or more persons. Said vehicle may be up to eight feet six inches in width and its overall length shall not exceed 40 feet in width and its overall length shall not exceed 40 feet. Such vehicle shall be customarily or ordinarily used for vacation or recreational purposes and may not be used unless in authorized campgrounds.

(B) Purpose. The purpose of this article is to regulate outdoor parking and/or storage within the City. The City recognizes that property owners may own or store personal vehicles, recreational vehicles and certain trailers for their personal use. The City also recognizes that property owners may own a business or work for a business that allows them to bring a company vehicle home, however large commercial vehicles or equipment in residential areas has detrimental and blighting impacts upon the residential quality and character of such neighborhoods. Such vehicles:

- (1) Obstruct views on streets and private property;
- (2) Create cluttered and otherwise unsightly areas;
- (3) Prevent full use of residential streets for residential parking;
- (4) Impair the free flow of traffic on residential streets;
- (5) Decrease adjoining landowners and occupants enjoyment of their property and neighborhood; and/or
- (6) Otherwise adversely affects property values and neighborhood patterns.

(C) Declaration of nuisance. The outside parking and storage on property used for residential purposes and/or residentially zoned property of (i) Prohibited Vehicles, and (ii) vehicles, watercraft, trailers, materials, supplies or equipment not customarily used for residential purposes, or (iii) any motor vehicle which requires a commercial driver's license (CDL) to operate on public roadways, in violation of the requirements set forth below is declared to be a public nuisance, because it:

- ~~(1) Obstructs views on streets and private property;~~
- ~~(2) Creates cluttered and otherwise unsightly areas;~~
- ~~(3) Prevents full use of residential streets for residential parking;~~
- ~~(4) Decreases adjoining landowners and occupants enjoyment of their property and neighborhood; and/or~~
- ~~(5) Otherwise adversely affects property values and neighborhood patterns.~~

(D) (E) Unlawful parking and storage.

(1) No person may place, store or allow the placement or storage of ice fish houses, skateboard ramps or other similar non-permanent structures outside continuously for longer than 24 hours in the front yard area or side yard corner lots on property used for residential purposes and/or on residentially zoned property.

(2) No person shall cause, undertake, permit or allow the outside parking and storage of vehicles on property used for residential purposes and/or on residentially zoned property unless it complies with the following requirements.

(a) Vehicles which are parked or stored must be on an all-weather surface.

(b) The owner of a vehicle parked in the front yard or side yard of a corner lot that is not on an all-weather surface shall be prima facie liable for the violation. The violation is enforceable with a parking ticket, with rates as set by resolution of the City Council.

- (c) Parking or storing of watercraft, ~~T~~trailers, Travel Trailers or ~~M~~motorhomes upon privately-owned property is prohibited unless parked upon an all-weather surface in accordance with division (A) of this section.
- (d) Storing of watercraft, ~~M~~motorhomes, ~~T~~trailers, or Travel Trailers is prohibited in the public right-of-way. Storage shall be evidenced by the observance of the watercraft, Motorhome, Trailer, or Travel T~~trailer~~ parked on any public right-of-way on any three days within a seven-day period.
- (e) Storing and keeping of junk watercraft, Trailers, Travel Ttrailers or ~~M~~motorhomes is prohibited. Junk units exhibit one or more of the following conditions: broken or loose parts, flat tire(s), unsecured or damaged tarps, units filled with junk/garbage, inoperable, habitat to vermin, covered with natural growths, not registered/licensed, or otherwise unsafe for road travel.

- (E) ~~(D)~~ *Exceptions.* The prohibitions of this section shall not apply to the following:
- (1) Any motor truck, pickup truck or similar vehicle being used by a public utility, moving company or similar company, which is actually being used to serve a residence not belonging to or occupied by the operator of the vehicle;
 - (2) Any vehicle which is actually making a pickup or delivery at the location where it is parked. Parking for any period of time beyond the period of time reasonably necessary to make such pickup or delivery is not excepted;
 - (3) Lawful non-conforming and permitted uses; or
 - (4) Agriculturally used properties greater than five acres in size or agriculturally zoned properties.

SECTION 2: Repealer Clause. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 3: Severability Clause. If any section, provision or part of this ordinance shall be adjudged invalid or unconstitutional, such adjudication shall not affect the validity of the ordinance as a whole or any section, provision or part thereof not adjudged invalid or unconstitutional.

SECTION 4: Effective Date. This ordinance shall be effective from and after the final passage, approval and publication as provided by law.

APPROVED this ____ day of _____, 2021.

PASSED this ____ day of _____, 2021.

(SEAL)

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

I, Katrina Davis, City Clerk of the City of Newton, Iowa, do hereby certify that the foregoing Ordinance was passed and approved by the City Council of the City of Newton, Iowa, on the ____ day of _____, 20____, and was published in the *Newton Daily News*, a newspaper of general circulation in the said City of Newton on the ____ day of _____, 20____.

Signed: _____
Katrina Davis, City Clerk

City of Newton Council Report

Item: Resolution Authorizing the Purchase and Placement of Seasonal Floral Planters in the Newton Downtown by the Newton Downtown SSMID Board.

Summary: The SSMID Board voted to purchase 10 Floral Planters to be placed along 1st Avenue, from West 4th Street to East 4th Street.

Financial Impact: \$3,790.00 from the Downtown SSMID Funds.



Report Number: 21-071

Date: March 15, 2021

Lead Department:
Community Development

Recommendation:
Approve

Background: At their February 9, 2021 meeting, the Downtown Newton SSMID Board approved a motion to purchase ten (10) floral planters (see attached example) to be placed on the sidewalk right-of-way along 1st Avenue, from West 4th Street to East 4th Street.

The SSMID Board oversees a self-imposed tax upon commercial property located within the District.

This Resolution approves the purchase and placement of these floral planters along 1st Avenue East and West, as depicted by the attached street aerials. City staff reviewed the proposal and determined that the proposed right-of-way placements do not violate ADA code for wheelchair sidewalk clearance and do not impede pedestrian traffic.

The building owners along the north side of 1st Avenue West and East appurtenant to the proposed floral planter locations have been informed and assured they will not be responsible for maintenance of the planters or the floral planting. In addition, Newton Main Street has agreed to defray all shipping, placement, planting and maintenance costs associated with the selected floral planters. Newton Main Street will place the full order, with the SSMID Board reimbursing the \$3,790.00.

Recommendation: City Staff recommends approval of the Resolution.

A handwritten signature in black ink, appearing to read "Rob Burdess".

Rob Burdess,
Acting City Administrator

Floral Planter Selected by the SSMID Board:
EPMTR40, Metropolitan Tapered Rectangle

EPMTR40	Tapered Rectangle 40" L x 22" W x 24" H Water Capacity: 30 Gallons Soil Capacity: 3.0 Cubic Feet	Metropolitan Tapered Rectangle 
EPMTS32	Tapered Square 26" H x 32" TOD Water Capacity: 30 Gallons Soil Capacity: 4.2 Cubic Feet	Metropolitan Tapered Square 

RESOLUTION NO. 2021 – _____

**RESOLUTION AUTHORIZING THE PURCHASE AND PLACEMENT OF
SEASONAL FLORAL PLANTERS IN THE NEWTON DOWNTOWN BY
THE NEWTON DOWNTOWN SSMID BOARD**

WHEREAS, the City of Newton has established the Newton Downtown SSMID and appointed a five member board that represents the district, and

WHEREAS, Newton Downtown SSMID has selected floral planters to be placed, planted and maintained on the sidewalk right-of-way on the north side of 1st Avenue from West 4th Street to East 4th Street, from May 1st to October 31st annually, and

WHEREAS, the Newton Downtown SSMID Board unanimously approved a motion to purchase ten (10) 40" long by 22" wide by 24" high rectangular floral planters at their meeting on February 9, 2021, and

WHEREAS, City staff has verified that the proposed right-of-way locations for the floral planters for ADA compliance, and

WHEREAS, the building owners along the north side of 1st Avenue West and East appurtenant to proposed floral planter locations have been informed of the project, and

WHEREAS, Newton Main Street obtained a quote from EarthPlanter.com of \$379.00 per floral planter, for a total price of \$3,790.00, and Newton Main Street has agreed to place the order and cover the cost for all shipping, placement, planting and maintenance costs associated with the selected floral planters;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Newton, Iowa, that the seasonal placement of ten (10) floral planters placed in locations along 1st Avenue, as depicted by Attachment A, is hereby approved;

BE IT FURTHER RESOLVED by the City Council of Newton, Iowa: That the purchase of ten (10) floral planters is hereby approved and that Newton Main Street be reimbursed \$3,790.00 from Newton Downtown SSMID Funds for the purchase.

PASSED this 15th day of March, 2021.

APPROVED this _____ day of March, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk



City of Newton Council Report

Item: Resolution expressing intent to provide economic development support to Best Midwest Properties, LLC

Summary: Best Midwest Properties, LLC has made an offer on 109 1st Avenue West and plans to fill the vacancy and make improvements to the building. City incentives in the form of a forgivable loan are needed. The resolution of intent provides understanding to the developer during the due diligence phase.

Financial Impact: \$25,000 forgivable loan



Report Number: 21-072

Date: March 15, 2021

Lead Department:
Community Development

Recommendation:
Approve

As the heart of the community, Downtown Newton reflects the health of Newton's economy. There are a handful of vacant properties in the Downtown District that the community wishes to see filled. The property at 109 1st Avenue West is one such property.

Best Midwest Properties, LLC has made an offer on the building at 109 1st Avenue West with the intention of filling the vacancy and improving the building. The developer would like to have an understanding with the City on available incentive for the building's redevelopment.

The building is located within the North Central Urban Renewal Area, which provides for a mechanism for the City to participate and encourage a high-level rehabilitation of the structure. The subject property is not listed as a specific project, and thus the City must take steps to amend the urban renewal area, a process which takes time. The developer is ready to move forward with the purchase, providing any unknown circumstances, conditions or issues don't otherwise arise, as long as there is an understanding that the City is able to assist in the project. In order to provide the developer assurance in a more timely manner, the attached resolution expressing future intent is presented for action.

The resolution expressing intent provides for a \$25,000 forgivable loan to the property.

An amendment to the urban renewal plan as well as redevelopment agreement between the City and the developer requires City Council action at a future meeting.

Recommendation: Staff recommends approval of the Resolution.

A handwritten signature in black ink, appearing to read "Rob Burdess", is written in a cursive style.

Rob Burdess,
Acting City Administrator

RESOLUTION NO. _____

Resolution expressing intent to provide economic development support to Best Midwest Properties, L.L.C.

WHEREAS, the City Council of the City of Newton, Iowa by resolution previously established the North Central Urban Renewal Area (the “Urban Renewal Area”) and adopted an urban renewal plan (the “Plan”) for the governance of initiatives and projects therein; and

WHEREAS, Best Midwest Properties, L.L.C. (the “Developer”) has proposed to undertake the renovation (the “Project”) of an existing building (the “Existing Building”) situated at 109 1st Avenue West (the “Property”) in the Urban Renewal Area into a multiuse facility including a commercial retail unit and multiresidential units; and

WHEREAS, the Developer has requested that the City provide financial support to help to defray the costs of the Project; and

WHEREAS, the City intends to provide such financial support by entering into a development agreement (the “Development Agreement”) with the Developer and thereby making provision for (i) the funding of an economic development forgivable loan (the “Forgivable Loan”) to the Developer; and (ii) the funding of annual appropriation incremental property tax payments (the “Payments”) to the Developer; and

WHEREAS, prior to entering into the Development Agreement, the City Council must undertake the statutory process for (1) approving the Project as an urban renewal project under the Plan for the Urban Renewal Area; and (2) authorizing the Development Agreement, including the funding of the Forgivable Loan and the Payments, but the City desires to convey its intent to pursue these actions to the Developer in order to facilitate progress on the development of the Property through the adoption of this Resolution;

NOW, THEREFORE, Be It Resolved by the City Council of the City of Newton, Iowa, as follows:

Section 1. The City hereby expresses its intent to support the Project in the future. The City will in good faith negotiate the Development Agreement with respect to the development of the Property and the undertaking of the Project, such proposed Development Agreement to minimally include the following terms:

A) The Developer will commit to undertaking the Project on the Property. The Developer will agree that the Project will minimally include the renovation of the Existing Building into a multiuse facility, including a commercial retail unit on the first floor and multiresidential units on the second floor.

B) The Developer will commit to entering into a minimum assessment agreement pursuant to Section 403.6 of the Code of Iowa establishing a minimum assessed taxable valuation of the Property resulting from the Project.

C) The City will agree to fund the Forgivable Loan in the maximum amount of \$25,000, and the City will agree to forgive repayment of the Forgivable Loan over a period of five (5) years provided the Developer remains in compliance with the terms of the Development Agreement.

D) The Developer will agree to submit an annual report to the City demonstrating certain information with respect to the operation and use of the Project.

E) The City will agree to fund the Payments to the Developer from incremental property tax revenues to be derived from the Property. All Payments under the Development Agreement will be made subject to annual appropriation by the City Council.

F) The Developer will agree to assist the City with the payment of legal and administrative fees incurred in connection with the amendment to its urban renewal plan and the authorization and approval of the Development Agreement.

Section 2. The City hereby agrees to use its best efforts to complete the statutory requirements of Chapter 403 of the Code of Iowa in order to amend the Plan and to authorize the Development Agreement. Both the City and the Developer acknowledge that the City's commitments in this regard are merely a present statement of intent and that the City Council must exercise its ordinary political discretion in the completion of the statutory processes referenced herein. The City will not be held liable in the event that the City Council, through the exercising of its ordinary political discretion, determines to not approve any of the actions outlined herein.

Section 3. Nothing in this Resolution shall prevent the parties from negotiating additional terms, not set forth herein, for inclusion in the Development Agreement.

Section 4. All resolutions and orders or parts thereof in conflict with the provisions of this Resolution, to the extent of such conflict, are hereby repealed.

Passed and approved this March 15, 2021.

Mayor

Attest:

City Clerk

City of Newton Council Report



Item: Resolution approving Bond Purchase Agreement for the sale of General Obligation Corporate Purpose Bonds, Series 2021A

Summary: Resolution Approving Bond Purchase Agreement for the 2021A Bonds

Financial Impact: Approval of Bond Purchase Agreement would lock in interest rates, with final action on the 2021A bonds on the April 5, 2021 City Council meeting

Report Number: 21-073

Date: March 15, 2021

Lead Department:
Administration

Recommendation:
Approval

Background:

The City Council held a public hearing on March 1, 2021 in regards to the issuing of the 2021A General Obligation Corporate Purpose Bonds in the amount not to exceed not to exceed \$2,970,000. The approval of a bond purchase agreement is the next step in the bonding process.

The projects and equipment included in the 2021A are listed below and consistent with the proposed CIP and FY22 Budget:

• Vehicle Community Development	\$ 22,000
• Comprehensive Plan Update	\$ 50,000
• Fire Station Floor Resurfacing	\$ 30,000
• Fire/City Hall Parking Lot	\$ 350,000
• Fire Station Alert Systems	\$ 30,000
• Golf Cart Path Improvements	\$ 7,500
• Park ¾ Ton Pick Up	\$ 37,000
• Park ¾ Ton Pick Up	\$ 30,000
• Park 6' Mower	\$ 35,000
• Park Tractor	\$ 35,000
• PW Building Improvements (Hwy 14)	\$ 100,000
• Gas Plant (TIF)	\$ 370,000
• Sidewalk Connections	\$ 25,000
• Police Misc. Equipment	\$ 75,000
• Police Vehicles	\$ 115,000
• Fire Extrication Tools	\$ 30,000
• Fire Power Load & Power Cot	\$ 90,000
• Medic 1 Replacement	\$ 285,000
• Engine 2 Replacement	\$ 650,000
• Soccer Field Fence Improvements	\$ 15,000
• Baseball Field Skin & Resurface	\$ 25,000
• Tree & Stump Removal (Parks)	\$ 50,000
• Maytag Park Sidewalk Improvements	\$ 14,000

- Streetscape Lighting NW Parking Lot (TIF) \$ 30,000
- Streetscape LED Light Upgrades/Painting (TIF) \$ 30,000
- W 3rd St N (200-300 blk) HMA Overlay (TIF) \$ 75,000
- Downtown St Light Wiring & LED Phase 2 (TIF) \$ 110,000

Recommendation:

Staff recommends approval of a Bond Purchase Agreement for the sale of General Obligation Corporate Purpose Bonds, Series 2021A.

A handwritten signature in black ink, appearing to read "Rob Burdess". The signature is fluid and cursive, with the first name "Rob" and last name "Burdess" clearly distinguishable.

Rob Burdess
Acting City Administrator

RESOLUTION NO. 2021-_____

Resolution approving Bond Purchase Agreement for the sale of General Obligation
Corporate Purpose Bonds, Series 2021A

WHEREAS, the City of Newton (the “City”), in Jasper County, heretofore proposed to enter into a General Obligation Loan Agreement (the “General Purpose Loan Agreement #1”) and to borrow money thereunder in a principal amount not to exceed \$700,000 pursuant to the provisions of Section 384.24A of the Code of Iowa for the purpose of paying the costs, to that extent, of (1) acquiring a vehicle for use by the community development department; (2) developing an updated comprehensive plan for community infrastructure and growth; (3) making structural and systems improvements for municipal fire safety facilities; (4) constructing parking improvements for City Hall and Fire Safety facilities; (5) constructing cart path improvements at the municipal golf course; and (6) acquiring utility and maintenance vehicles and equipment for use by the municipal parks and recreation department (the “General Purpose Projects #1”), and in lieu of calling an election upon such proposal, has published notice of the proposed action and has held a hearing thereon, and as of March 1, 2021, no petition had been filed with the City asking that the question of entering into the General Purpose Loan Agreement #1 be submitted to the registered voters of the City; and

WHEREAS, the City also proposed to enter into a General Obligation Loan Agreement (the “General Purpose Loan Agreement #2”) and to borrow money thereunder in a principal amount not to exceed \$550,000 pursuant to the provisions of Section 384.24A of the Code of Iowa for the purpose of paying the cost, to that extent, of (1) constructing improvements to a municipal public works facility; and (2) undertaking site improvements at the former municipal manufactured gas plant (the “General Purpose Projects #2”), and in lieu of calling an election upon such proposal, has published notice of the proposed action and has held a hearing thereon, and as of March 1, 2021, no petition had been filed with the City asking that the question of entering into the General Purpose Loan Agreement #2 be submitted to the registered voters of the City; and

WHEREAS, the City also proposed to enter into a General Obligation Loan Agreement (the “Essential Purpose Loan Agreement”) and to borrow money thereunder in a principal amount not to exceed \$2,400,000 pursuant to the provisions of Section 384.24A of the Code of Iowa for the purpose of paying the cost, to that extent, of (1) constructing street, sanitary sewer system, water utility system, storm water drainage and sidewalk improvements; (2) acquiring and installing streetscape, street lighting, signage and signalization improvements; (3) acquiring vehicles and equipment for the municipal police department; (4) acquiring emergency vehicles and equipment for the municipal fire department; (5) undertaking improvements to existing municipal parks, including sidewalk, fencing, ball field and landscaping/tree removal (the “Essential Purpose Projects” and together with the General Purpose Projects #1 and the General Purpose Projects #2, the “Projects”); and (6) acquiring, demolishing and/or restoring dangerous and dilapidated properties (the “D&D Program”), and has published notice of the proposed action and has held a hearing thereon on March 1, 2021; and

WHEREAS, pursuant to Section 384.28 of the Code of Iowa, the City Council has combined the General Purpose Loan Agreement #1, General Purpose Loan Agreement #2 and the Essential Purpose Loan Agreement into two loan agreements (the "Loan Agreements"), the Tax Exempt Series 2021A Loan Agreement (the "Series 2021A Loan Agreement") and the Taxable Series 2021B Loan Agreement; and

WHEREAS, a Preliminary Official Statement (the "P.O.S.") has been prepared by Dorsey & Whitney LLP (the "Disclosure Counsel") as bond and disclosure counsel to the City to facilitate the sale of General Obligation Corporate Purpose Bonds, Series 2021A (the "Series 2021A Bonds") and Taxable General Obligation Corporate Purpose Bonds, Series 2021B in evidence of the obligation of the City under the Loan Agreements, and the City Council has made provision for the approval of the P.O.S. and has authorized its use by D.A. Davidson & Co. (the "Underwriter"); and

WHEREAS, a certain Bond Purchase Agreement (the "Series 2021A Bond Purchase Agreement") has been prepared to set forth the terms of the Series 2021A Bonds and the understanding between the City and the Underwriter with respect to the purchase thereof and it is now necessary to make provision for the approval of the Series 2021A Bond Purchase Agreement and its execution and delivery;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Newton, Iowa, as follows:

Section 1. The Series 2021A Bond Purchase Agreement is hereby approved in substantially the form as presented to the City Council. The Mayor and the City Clerk are hereby authorized and directed to execute and deliver the Series 2021A Bond Purchase Agreement to the Underwriter.

Section 2. Further action with respect to the authorization of the Loan Agreements and the issuance of the Series 2021A Bonds is hereby adjourned to the City Council meeting on April 5, 2021.

Section 3. All resolutions and orders or parts thereof in conflict with the provisions of this resolution, to the extent of such conflict, are hereby repealed.

Section 4. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved March 15, 2021.

Mayor

Attest:

City Clerk

NEW ISSUE - DTC BOOK ENTRY ONLY

UNDERLYING RATING: S&P: "A+"
 INSURED RATING: S&P: "AA"
 (See "Rating" and "Bond Insurance" herein.)

In the opinion of Dorsey & Whitney LLP, Bond Counsel, according to present laws, rulings and decisions and assuming compliance with certain covenants, the interest on the Series 2021A Bonds will be excluded from gross income for federal income tax purposes. Interest on the Series 2021A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax under the Internal Revenue Code of 1986 (the "Code"). In the opinion of Bond Counsel, the Series 2021A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Interest on the Series 2021B Bonds is not excluded from the gross income of the owners thereof for federal income tax purposes. See "TAX EXEMPTION AND RELATED TAX MATTERS" herein.

City of Newton, Iowa

\$2,970,000*

General Obligation Corporate Purpose Bonds, Series 2021A

\$435,000*

Taxable General Obligation Corporate Purpose Bonds, Series 2021B

Dated: Date of Delivery

Due: As shown on inside cover

The \$2,970,000* General Obligation Corporate Purpose Bonds, Series 2021A (the "Series 2021A Bonds"), and the \$435,000* Taxable General Obligation Corporate Purpose Bonds, Series 2021B (the "Series 2021B Bonds" and, together with the Series 2021A Bonds, the "Bonds"), are being issued in fully registered form in denominations of \$5,000 or any integral multiple thereof pursuant to the provisions of Chapters 384 and 76 of the Code of Iowa, 2021, as amended and resolutions authorizing issuance of the Bonds (the "Resolutions") expected to be adopted by the City of Newton, Iowa (the "Issuer" or the "City") on April 5, 2021*. The Depository Trust Company, New York, New York ("DTC") will act as the securities depository for the Bonds and its nominee, Cede & Co., will be the registered owner of the Bonds. Individual purchases of the Bonds will be recorded on a book-entry only system operated by DTC. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by BOKF, N.A., Lincoln, Nebraska, as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds. See "APPENDIX E – BOOK-ENTRY SYSTEM" herein.

The Bonds will bear interest from their dated date, payable semiannually on each June 1 and December 1, commencing December 1, 2021*.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY. See "BOND INSURANCE" and "APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein.



The Bonds are subject to redemption by the Issuer prior to their stated maturities in the manner and at the time described herein. The Series 2021A Bonds then outstanding are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, on June 1, 2028*, or on any date thereafter at a redemption price equal to the principal amount of the Series 2021A Bonds, together with accrued interest to the date fixed for redemption, without premium. The Series 2021B Bonds then outstanding are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, on June 1, 2031*, or on any date thereafter at a redemption price equal to the principal amount of the Series 2021B Bonds, together with accrued interest to the date fixed for redemption, without premium. See "THE BONDS – Redemption" herein.

The Bonds and the interest thereon are general obligations of the Issuer, and all taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount. See "SECURITY AND SOURCE OF PAYMENT" herein.

Proceeds of the Bonds will be used for the purpose of paying the cost, to that extent, of (i) acquiring a vehicle for use by the community development department; (ii) developing an updated comprehensive plan for community infrastructure and growth; (iii) making structural and systems improvements for municipal fire safety facilities; (iv) constructing parking improvements for City Hall and Fire Safety facilities; (v) constructing cart path improvements at the municipal golf course; (vi) acquiring utility and maintenance vehicles and equipment for use by the municipal parks and recreation department; (vii) constructing improvements to a municipal public works facility; (viii) undertaking site improvements at the former municipal manufactured gas plant; (ix) constructing street, sanitary sewer system, water utility system, storm water drainage and sidewalk improvements; (x) acquiring and installing streetscape, street lighting, signage and signalization improvements; (xi) acquiring vehicles and equipment for the municipal police department; (xii) acquiring emergency vehicles and equipment for the municipal fire department; (xiii) undertaking improvements to existing municipal parks, including sidewalk, fencing, ball field and landscaping/tree removal; (xiv) acquiring, demolishing and/or restoring dangerous and dilapidated properties and (xv) paying certain costs of issuance related to the Bonds. See "PLAN OF FINANCING" herein.

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of opinions as to legality, validity and, with respect to the Series 2021A Bonds, tax exemption by Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel. Dorsey & Whitney LLP is also serving as Disclosure Counsel to the Issuer in connection with the issuance of the Bonds. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about April 21, 2021.*



The Date of this Official Statement is March __, 2021

* Preliminary, subject to change.

MATURITY SCHEDULES

\$2,970,000*

City of Newton, Iowa

**General Obligation Corporate Purpose Bonds,
Series 2021A**

<u>Due</u>	<u>Amount</u> *	<u>Rate</u> *	<u>Yield</u> *	<u>Cusip Num.</u> **	<u>Due</u>	<u>Amount</u> *	<u>Rate</u> *	<u>Yield</u> *	<u>Cusip Num.</u> **
June 1, 2027	\$185,000				June 1, 2034	\$210,000			
June 1, 2028	\$190,000				June 1, 2035	\$220,000			
June 1, 2029	\$190,000				June 1, 2036	\$225,000			
June 1, 2030	\$200,000				June 1, 2037	\$225,000			
June 1, 2031	\$200,000				June 1, 2038	\$230,000			
June 1, 2032	\$205,000				June 1, 2039	\$240,000			
June 1, 2033	\$210,000				June 1, 2040	\$240,000			

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

\$435,000*

City of Newton, Iowa

**Taxable General Obligation Corporate Purpose Bonds,
Series 2021B**

\$135,000* ____%* Term Bond due June 1, 2031, Yield ____%*, CUSIP** _____

\$300,000* ____%* Term Bond due June 1, 2040, Yield ____%*, CUSIP** _____

* Preliminary, subject to change.

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

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OFFICIAL STATEMENT

City of Newton, Iowa

\$2,970,000*
General Obligation Corporate Purpose Bonds,
Series 2021A

\$435,000*
Taxable General Obligation Corporate Purpose Bonds,
Series 2021B

INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices hereto (the “Official Statement”), is to set forth certain information in conjunction with the sale of \$2,970,000* General Obligation Corporate Purpose Bonds, Series 2021A (the “Series 2021A Bonds”), and \$435,000* Taxable General Obligation Corporate Purpose Bonds, Series 2021B (the “Series 2021B Bonds” and, together with the Series 2021A Bonds, the “Bonds”), of the City of Newton, Iowa (the “Issuer” or the “City”). This Introduction is not a summary of this Official Statement, but is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the appendices attached hereto. All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Copies of statutes, resolutions, ordinances, reports or other documents referred to herein are available, upon request, from the Issuer.

The Bonds are being issued pursuant to the provisions of Chapters 384 and 76 of the Code of Iowa, 2021, as amended (collectively, the “Act”) and resolutions expected to be adopted by the Issuer on April 5, 2021* (the “Resolutions”), to evidence the obligations of the Issuer under one or more loan agreements (the “Loan Agreements”) between the Issuer and the Underwriter.

The Bonds and the interest thereon are general obligations of the Issuer, and all taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount. See “SECURITY AND SOURCE OF PAYMENT” herein.

Proceeds of the Bonds will be used for the purpose of paying the cost, to that extent, of (i) acquiring a vehicle for use by the community development department; (ii) developing an updated comprehensive plan for community infrastructure and growth; (iii) making structural and systems improvements for municipal fire safety facilities; (iv) constructing parking improvements for City Hall and Fire Safety facilities; (v) constructing cart path improvements at the municipal golf course; (vi) acquiring utility and maintenance vehicles and equipment for use by the municipal parks and recreation department; (vii) constructing improvements to a municipal public works facility; (viii) undertaking site improvements at the former municipal manufactured gas plant; (ix) constructing street, sanitary sewer system, water utility system, storm water drainage and sidewalk improvements; (x) acquiring and installing streetscape, street lighting, signage and signalization improvements; (xi) acquiring vehicles and equipment for the municipal police department; (xii) acquiring emergency vehicles and equipment for the municipal fire department; (xiii) undertaking improvements to existing municipal parks, including sidewalk, fencing, ball field and landscaping/tree removal; (xiv) acquiring, demolishing and/or restoring dangerous and dilapidated properties and (xv) paying certain costs of issuance related to the Bonds. See “PLAN OF FINANCING” and “SOURCES AND USES OF FUNDS” herein.

The Issuer anticipates issuing its Sewer Revenue Bonds, Series 2021C (the “Series 2021C Bonds”) and its Road Use Tax Revenue Bonds, Series 2021D (the “Series 2021D Bonds” and, together with the Series 2021C Bonds, the “Additional Bonds”). THE ADDITIONAL BONDS ARE NOT BEING OFFERED PURSUANT TO THIS OFFICIAL STATEMENT, AND EACH SERIES OF BONDS AND THE ADDITIONAL BONDS CONSTITUTE SEPARATE ISSUES.

THE ISSUER

The Issuer, with a 2010 U.S. Census population of 15,254, comprises approximately 11.19 square miles. The Issuer operates under a statutory form of government consisting of a six-member City Council, of which the Mayor is not a voting member. Additional information concerning the Issuer is included in “APPENDIX A – INFORMATION ABOUT THE ISSUER” hereto.

THE BONDS

General

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

* Preliminary, subject to change.

The Bonds are dated as of the date of their delivery, will mature on June 1 in the years and in the amounts set forth on the inside cover page hereof, and will bear interest at the rates to be set forth on the inside cover page hereof. Interest on the Bonds is payable semiannually on June 1 and December 1 in each year, beginning on December 1, 2021*, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the interest payment date, to the addresses appearing on the registration books maintained by the Registrar or such other address as is furnished to the Registrar in writing by a registered owner. The Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

Redemption

Optional Redemption. The Series 2021A Bonds then outstanding are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, on June 1, 2028*, or on any date thereafter at a redemption price equal to the principal amount of the Series 2021A Bonds, together with accrued interest to the date fixed for redemption, without premium. The Series 2021B Bonds then outstanding are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, on June 1, 2031*, or on any date thereafter at a redemption price equal to the principal amount of the Series 2021B Bonds, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2021B Bonds identified below are subject to mandatory redemption (by lot, as selected by the Registrar) on June 1 in each of the years set forth below at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date in the following principal amounts:

Series 2021B Term Bond Maturing June 1, 2031

<u>Date</u>	<u>Amount</u>
June 1, 2027	\$25,000
June 1, 2028	\$25,000
June 1, 2029	\$25,000
June 1, 2030	\$30,000
June 1, 2031 (maturity)	\$30,000

Series 2021B Term Bond Maturing June 1, 2040

<u>Date</u>	<u>Amount</u>
June 1, 2032	\$30,000
June 1, 2033	\$30,000
June 1, 2034	\$30,000
June 1, 2035	\$30,000
June 1, 2036	\$35,000
June 1, 2037	\$35,000
June 1, 2038	\$35,000
June 1, 2039	\$35,000
June 1, 2040 (maturity)	\$40,000

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

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

SECURITY AND SOURCE OF PAYMENT

General

Pursuant to the Resolutions and the Act, the Bonds and the interest thereon are general obligations of the Issuer, and all taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount. See “APPENDIX A – INFORMATION ABOUT THE ISSUER.”

Section 76.2 of the Act provides that when an Iowa political subdivision issues general obligation bonds, the governing authority of such political subdivision shall, by resolution adopted before issuing the bonds, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds. A certified copy of this resolution shall be filed with the County Auditor in which the Issuer is located, giving rise to a duty of the County Auditor to annually enter this levy for collection from the taxable property within the boundaries of the issuer, until funds are realized to pay the bonds in full.

For the purpose of providing for the levy and collection of a direct annual tax sufficient to pay the principal of and interest on the Bonds as the same become due, the Resolutions provides for the levy of a tax sufficient for that purpose on all the taxable property in the Issuer in each of the years while the Bonds are outstanding. The Issuer shall file a certified copy of the Resolutions with the County Auditor, pursuant to which the County Auditor is instructed to enter for collection and assess the tax authorized. When annually entering such taxes for collection, the County Auditor shall include the same as a part of the tax levy for Debt Service Fund purposes of the Issuer and when collected, the proceeds of the taxes shall be converted into the Debt Service Fund of the Issuer and set aside therein as a special account to be used solely and only for the payment of the principal of and interest on the Bonds and for no other purpose whatsoever.

Pursuant to the provisions of Section 76.4 of the Code of Iowa, each year while the Bonds remain outstanding and unpaid, any funds of the Issuer which may lawfully be applied for such purpose, may be appropriated, budgeted and, if received, used for the payment of the principal of and interest on the Bonds as the same become due, and if so appropriated, the taxes for any given fiscal year as provided for in the Resolutions, shall be reduced by the amount of such alternate funds as have been appropriated for said purpose and evidenced in the Issuer’s budget.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law. See “APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were

initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$485.4 million, \$160.7 million and \$324.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

BONDHOLDERS' RISKS

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

COVID-19

The Issuer has been monitoring developments and directives of federal, state and local officials as it determined what precautions and procedures to implement or revise in light of the spread of COVID-19. Some procedures and precautions resulting from the spread of COVID-19 with respect to operations, personnel and services may have been or will be mandated by federal and/or state entities. The continued spread of COVID-19 may affect the financial condition of the Issuer, either directly or indirectly in various ways, including: (i) limiting the ability of the Issuer to conduct its operations in an historically normal manner, (ii) increasing the cost of operations of the Issuer, (iii) impacting the ability of the Issuer to provide personnel to carry out the services routinely provided by the Issuer, (iv) impacting certain revenues received by the Issuer, (v) affecting the secondary market with respect to the Bonds, and (vi) affecting liquidity sources of the Issuer.

The Issuer is monitoring both expenses and revenues of the City that might be impacted by COVID-19, including the road use tax fund receipts (statewide gas tax), hotel/motel tax receipts, and local option sales tax receipts. The Issuer has experienced a reduction in its hotel/motel tax receipts. Further, from March 20, 2020 through July 31, 2020, Governor Reynolds issued an emergency declaration that temporarily suspended penalties and interest in connection with delays in property tax payments and the Issuer is assessing the impact, if any, of such suspension on the receipt of property tax revenues.

The Issuer did not experience material reductions in revenue or material increases in expenses in fiscal year 2020 due to material COVID-19-related financial impacts and does not currently expect to amend its fiscal year 2021 budget due to material COVID-19-related financial impacts. It is too soon, however, to fully predict what COVID-19-related financial impacts the Issuer may incur and whether any such financial impacts will be material. The Issuer's cash on hand and unrestricted reserves as of December 31, 2020, is shown in table "CURRENT FUND BALANCES (Unaudited, as of December 31, 2020)" in Appendix A. The Issuer is requesting support from federal or state COVID-19 related loan or grant programs.

This information is based on current information available to the Issuer that may be incomplete and unknown. This information was derived using certain assumptions and methodologies, and includes unaudited financial information and projections. This information is forward-looking and subject to change.

Derecho and Clean-Up Expenses

An August 2020 derecho caused significant and widespread property damage within the City. The City anticipates receiving reimbursement from FEMA and the State for a significant portion of the expenses associated with cleaning up debris from the derecho leaving the City responsible (without reimbursement) for approximately \$50,000 to \$100,000 of the clean-up expenses.

Bond Insurance

In the event of default of the payment of the regularly scheduled principal of and interest on the Bonds when due, any owner of the Bonds will have a claim under the Policy for such payments.

Default in the payment of principal of and interest on the Bonds does not obligate acceleration of the obligations of BAM without appropriate consent. BAM may direct and must consent to any remedies exercised and BAM's consent may be required in connection with amendments to the Resolution. The obligations of BAM under the Policy are general obligations of BAM and in an event of default by BAM, the remedies available to the Bondholders may be limited by laws related to insolvency. If BAM becomes insolvent or otherwise becomes subject to receivership or similar proceedings under state insurance law, Bondholders may become general unsecured creditors of BAM and, under such circumstances, timely payment of the principal of and interest on the Bonds might depend entirely on the ability of the Issuer to pay principal of and interest on the Bonds as described under the heading "SECURITY AND SOURCE OF PAYMENT" herein.

The ability of BAM to make payment of such defaulted principal or interest under the Policy may be adversely affected by the financial condition of BAM at such time. No assurance is given as to the current or future financial condition of BAM or the financial condition of any entity with which BAM may merge or by which it may be acquired.

In the event BAM is unable to make payment of principal and interest on the Bonds as such payments become due under the Policy, the Bonds are payable solely from the Issuer as described herein. In the event BAM becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability for the Bonds.

The long-term ratings of the Bonds are dependent in part on the financial strength of BAM and its claims-paying ability. BAM's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of BAM and of the ratings on the Bonds will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability for the Bonds. See "RATINGS" herein.

The Issuer has made no independent investigation into the claims-paying ability of BAM, and no assurance or representation regarding the financial strength or projected financial strength of BAM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer to pay principal of and interest on the Bonds and the claims-paying ability of BAM, particularly over the life of the Bonds. See "BOND INSURANCE" herein for further information provided by BAM and the Policy, which includes further instructions for obtaining current financial information regarding BAM.

Tax Levy Procedures

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

failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service on the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds.

Changes in Property Taxation

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

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

Matters Relating to Enforceability of Agreements

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

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

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

Secondary Market

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

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

Rating Loss

S&P Global Ratings, a Standard and Poor's Financial Services LLC business ("S&P") has assigned a rating of "A+" to the Bonds. S&P has assigned a rating of "AA" to BAM. 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.

Bankruptcy and Insolvency

The rights and remedies provided in the Resolutions may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditor's rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Iowa. The various opinions of counsel to be delivered with respect to the Bonds, the Loan Agreements and the Resolutions, including the opinions of Bond Counsel, will be similarly qualified. If the Issuer were to file a petition under chapter nine of the federal bankruptcy code, the owners of the Bonds could be prohibited from taking any steps to enforce their rights under the Resolutions. In the event the Issuer fails to comply with its covenants under the Resolutions or

fails to make payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Bonds.

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

Forward-Looking Statements

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

Tax Matters, Bank Qualification and Loss of Tax Exemption

As discussed under the heading “TAX EXEMPTION AND RELATED TAX MATTERS” herein, the interest on the Series 2021A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Series 2021A Bonds, as a result of acts or omissions of the Issuer in violation of its covenants in the Resolutions. Should such an event of taxability occur, the Series 2021A Bonds would not be subject to a special redemption and would remain outstanding until maturity or until redeemed under the redemption provisions contained in the Series 2021A Bonds, and there is no provision for an adjustment of the interest rate on the Series 2021A Bonds.

The Issuer will designate the Series 2021A Bonds as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and has further covenanted to comply with certain other requirements, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. However, the Issuer’s failure to comply with such covenants could cause the Series 2021A Bonds not to be “qualified tax-exempt obligations” and banks and certain other financial institutions would not receive more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

It is possible that actions of the Issuer after the closing of the Series 2021A Bonds will alter the tax exempt status of the Series 2021A Bonds, and, in the extreme, remove the tax exempt status from the Series 2021A Bonds. In that instance, the Series 2021A Bonds are not subject to mandatory prepayment, and the interest rate on the Series 2021A Bonds does not increase or otherwise reset. A determination of taxability on the Series 2021A Bonds, after closing of the Series 2021A Bonds, could materially adversely affect the value and marketability of the Series 2021A Bonds.

DTC-Beneficial Owners

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

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

Proposed Federal Tax Legislation

From time to time, Presidential proposals, federal legislative committee proposals or legislative proposals are made that would, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Series 2021A Bonds. It cannot be predicted whether or in what forms any of such proposals that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Series 2021A Bonds. See “TAX EXEMPTION AND RELATED TAX MATTERS” herein.

Pension Information

The Issuer contributes to the Iowa Public Employees’ Retirement System (“IPERS”), which is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the Issuer not covered by MFPRSI (defined below) are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The IPERS Comprehensive Annual Financial Report for its fiscal year ended June 30, 2020 (the “IPERS CAFR”), indicates that as of June 30, 2020, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 83.96%, and the unfunded actuarial liability was approximately \$6.587 billion. The IPERS CAFR identifies the IPERS Net Pension Liability at June 30, 2020, at approximately \$7.025 billion, while its net pension liability at June 30, 2019, was approximately \$5.791 billion. The IPERS CAFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on IPERS.

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

In fiscal year ended June 30, 2020, the Issuer’s IPERS contribution totaled approximately \$390,986. The Issuer is current in its obligations to IPERS.

Pursuant to Governmental Accounting Standards Board Statement No. 68, IPERS has allocated the net pension liability among its members, with the Issuer’s identified portion at June 30, 2020, at approximately \$3,023,073. While the Issuer’s contributions to IPERS are controlled by state law, there can be no assurance the Issuer will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the Issuer. See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on pension and liabilities of the Issuer.

The Issuer also contributes to the Municipal Fire and Police Retirement System of Iowa (“MFPRSI”), which is a multiple-employer cost-sharing defined benefit pension plan for fire fighters and police officers, administered under Chapter 411 of the Code of Iowa. MFPRSI plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to MFPRSI. Contribution amounts are set by State statute. The MFPRSI Comprehensive Annual Financial Report for its fiscal year ended June 30, 2020 (the “MFPRSI Report”) indicates that as of June 30, 2020, the date of the most recent actuarial valuation for MFPRSI, the funded ratio of MFPRSI was 79.93%, and the unfunded actuarial liability was \$630.3 million. The MFPRSI Report identifies the MFPRSI Net Pension Liability at June 30, 2020, at approximately \$797.6 million, while its net pension liability at June 30, 2019 was approximately \$655.9 million. The MFPRSI Report is available on the MFPRSI website. See “APPENDIX D — AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on MFPRSI.

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

In fiscal year ended June 30, 2020, the Issuer’s MFPRSI contribution totaled approximately \$801,647. The Issuer is current in its obligations to MFPRSI.

Pursuant to Governmental Accounting Standards Board Statement No. 68, MFPRSI has allocated the net pension liability among its members, with the Issuer’s identified portion at June 30, 2020, at approximately \$6,463,756. While the Issuer’s contributions to MFPRSI are controlled by state law, there can be no assurance the Issuer will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the Issuer. See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER” hereto for additional information on pension liabilities of the Issuer.

Other Post-Employment Benefits (“OPEB”) Information

The Issuer operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. As of June 30, 2020, there were 123 active and three retired members in the plan. Participants must be age 55 or older at retirement. The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark Blue Cross and Blue Shield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

The contribution requirements of plan members are established and may be amended by the Issuer. The Issuer currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and the plan members range from \$653 to \$800 for single coverage and \$1,968 to \$2,420 for family coverage. For the year ended June 30, 2020, the City contributed \$2,366,999 and plan members eligible for benefits contributed \$144,297 to the plan. See “APPENDIX D — AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on OPEB obligations of the Issuer.

Summary

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

LITIGATION

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

ACCOUNTANT

The financial statements of the Issuer as of and for the year ended June 30, 2020, included in this Official Statement as Appendix D, have been audited by Gronewold, Bell, Kyhnn & Co. P.C., Atlantic, Iowa, independent auditors, as stated in their report appearing herein. Gronewold, Bell, Kyhnn & Co. P.C., has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2020, and also has not performed any procedures relating to this Official Statement.

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

PLAN OF FINANCING

The Issuer will use the proceeds of the Bonds to provide funds for the purpose of paying the cost, to that extent, of (i) acquiring a vehicle for use by the community development department; (ii) developing an updated comprehensive plan for community infrastructure and growth; (iii) making structural and systems improvements for municipal fire safety facilities; (iv) constructing parking improvements for City Hall and Fire Safety facilities; (v) constructing cart path improvements at the municipal golf course; (vi) acquiring utility and maintenance vehicles and equipment for use by the municipal parks and recreation department; (vii) constructing improvements to a municipal public works facility; (viii) undertaking site improvements at the former municipal manufactured gas plant; (ix) constructing street, sanitary sewer system, water utility system, storm water drainage and sidewalk improvements; (x) acquiring and installing streetscape, street lighting, signage and signalization improvements; (xi) acquiring vehicles and equipment for the municipal police department; (xii) acquiring emergency vehicles and equipment for the municipal fire department; (xiii) undertaking improvements to existing municipal parks, including sidewalk, fencing, ball field and landscaping/tree removal; (xiv) acquiring, demolishing and/or restoring dangerous and dilapidated properties and (xv) paying certain costs of issuance related to the Bonds.

SOURCES AND USES OF FUNDS*

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

	<u>Series 2021A</u>	<u>Series 2021B</u>
Sources of Funds		
Bond Principal	\$2,970,000*	\$435,000*
Premium		
Total Sources of Funds	\$	
Uses of Funds		
Project Fund	\$	\$
Capitalized interest		
Costs of Issuance, Bond Insurance & Contingency ⁽¹⁾	\$	\$
Total Uses of Funds	\$	\$

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

TAX EXEMPTION AND RELATED TAX MATTERS

Federal Income Tax Exemption

The opinion of Bond Counsel, with respect to the Series 2021A Bonds, will state that under present laws and rulings, interest on the Series 2021A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed under the Code.

The opinion set forth in the preceding sentence will be subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2021A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2021A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2021A Bonds. In the resolution authorizing the issuance of the Series 2021A Bonds, the Issuer will covenant to comply with all such requirements.

There may be certain other federal tax consequences to the ownership of the Series 2021A Bonds by certain taxpayers, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will express no opinion with respect to other federal tax consequences to owners of the Series 2021A Bonds. Prospective purchasers of the Series 2021A Bonds should consult with their tax advisors as to such matters.

The opinion of Bond Counsel with respect to the Series 2021B Bonds will state that under present laws and rulings, interest on the Series 2021B Bonds is includible in gross income for both federal and State of Iowa income tax purposes. Interest on the Series 2021A Bonds is includible in gross income for State of Iowa income tax purposes.

Ownership of the Series 2021B 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 Series 2021B Bonds. Prospective purchasers of the Series 2021B Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

Proposed Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2021A Bonds or otherwise prevent holders of the Series 2021A Bonds from realizing the full benefit of the tax exemption of interest on the Series 2021A Bonds. Further, such proposals may impact the marketability or market value of the Series 2021A Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Series 2021A Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax exempt status of the Series 2021A

* Preliminary, subject to change.

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 Series 2021A Bonds would be impacted thereby.

Purchasers of the Series 2021A Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2021A Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Qualified Tax-Exempt Obligations

In the resolution authorizing the issuance of the Series 2021A Bonds, the Issuer will designate the Series 2021A Bonds as “qualified tax exempt obligations” within the meaning of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to tax-exempt obligations. In the opinion of Bond Counsel, the Series 2021A Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Original Issue Premium

The Series 2021A Bonds maturing in the years _____ are being issued at a premium to the principal amount payable at maturity. Except in the case of dealers, which are subject to special rules, Bondholders who acquire the Series 2021A Bonds at a premium must, from time to time, reduce their federal tax bases for the Series 2021A Bonds for purposes of determining gain or loss on the sale or payment of such Series 2021A Bonds. Premium generally is amortized for federal income tax purposes on the basis of a bondholder’s constant yield to maturity or to certain call dates with semiannual compounding. Bondholders who acquire any Series 2021A Bonds at a premium might recognize taxable gain upon sale of the Series 2021A Bonds, even if such Series 2021A Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes. Bondholders who acquire any Series 2021A Bonds at a premium should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling the Series 2021A Bonds acquired at a premium.

Original Issue Discount

The Series 2021A Bonds maturing in the years _____ (collectively, the “Discount Bonds”) are being sold at a discount from the principal amount payable on such Discount Bonds at maturity. The difference between the price at which a substantial amount of the Discount Bonds of a given maturity is first sold to the public (the “Issue Price”) and the principal amount payable at maturity constitutes “original issue discount” under the Internal Revenue Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Internal Revenue Code is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under section 1288 is added to the owner’s federal tax basis in determining gain or loss upon disposition of such Discount Bond (whether by sale, exchange, redemption or payment at maturity).

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

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

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

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

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

Taxable Bonds

Prospective purchasers should consult with their own tax advisors concerning the federal, state, and local tax consequences of the purchase, ownership, and disposition of the Series 2021B Bonds, including, without limitation, the additional tax on net investment income, anticipated and potential changes in tax rates on interest income, the treatment of interest in other jurisdictions, the calculation and timing of the inclusion of interest in income, the tax consequences of dispositions of Series 2021B Bonds at a gain or loss and the determination of the amount thereof, and rules applicable if Series 2021B Bonds are issued or acquired at a premium or discount from their face amount (including the possible treatment of accrued market discount as ordinary income, deferral of certain interest deductions attributable to indebtedness incurred or continued to purchase or hold Series 2021B Bonds, and the amortization of bond premium, if any).

Payments of interest on the Series 2021B Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Series 2021B Bonds are expected to be reported to the Internal Revenue Service as required under applicable Treasury Regulations. Backup withholding may apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Non-U.S. holders and holders who receive payments through non-U.S. entities may also be subject to withholding tax in certain circumstances.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax-exempt status of the interest on the Series 2021A Bonds (see “TAX EXEMPTION AND RELATED TAX MATTERS” herein) are subject to the approving legal opinions of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, forms of which are attached hereto as “APPENDIX B – FORMS OF BOND COUNSEL OPINIONS.” Signed copies of the opinions, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel. Dorsey & Whitney LLP is also serving as Disclosure Counsel to the Issuer in connection with issuance of the Bonds.

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

RATING

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

CONTINUING DISCLOSURE

The Issuer will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the Issuer (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the Issuer no later than twelve months after the close of each fiscal year, commencing with the fiscal year ending June 30, 2021, with the Municipal Securities Rulemaking Board, at its internet repository named “Electronic Municipal Market Access” (“EMMA”). The notices of events, if any, are also to be filed with EMMA. See “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “Rule”).

During the previous five years, the Issuer did not timely link audited financial statements and annual operating data for its fiscal year ended June 30, 2016, did not timely file notice of rating change, and did not file or timely file notice of its failure to provide the aforementioned information on or before the date specified in its prior continuing disclosure undertakings.

UNDERWRITING

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

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

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

MISCELLANEOUS

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

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

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

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

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

City of Newton, Iowa

/s/

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APPENDIX A
INFORMATION ABOUT THE ISSUER
CITY OFFICIALS

Michael Hansen , Mayor	December 31, 2021
Mark Hallam , Council Member – First Ward	December 31, 2023
Dean Stonner , Council Member – Second Ward	December 31, 2021
Craig Trotter , Council Member – Third Ward	December 31, 2023
Steve Mullan , Council Member – Fourth Ward	December 31, 2021
Evelyn George , Council Member – At-Large	December 31, 2021
Randy Ervin , Council Member – At-Large	December 31, 2023

CITY ADMINISTRATION
Matt Muckler, City Administrator
Katrina Davis, City Clerk
Lisa Frasier, Finance Officer

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

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

GENERAL INFORMATION

The City of Newton (the “City”), the county seat of Jasper County, is located in central Iowa on Interstate 80, one of the busiest interstate highways in the United States, and is just 25 miles from the Des Moines metropolitan area and Interstate 35. The City was first organized in 1857 and covers an area of 11.1 square miles.

The City of Newton has operated under a Mayor-Council form of government with an appointed City Administrator since 1982. Policy-making and legislative authority are vested in the governing Council that consists of a mayor and six-member council. The City Council is responsible for adopting ordinances, policy resolutions, the annual budget and six-year Capital Improvements Program, appointing committees, and hiring the City Administrator, City Clerk, and City Attorney. The City Administrator is responsible for overseeing the day-to-day operations of the government and for appointing and supervising the City’s department directors. The City Council is elected on a non-partisan basis to four-year staggered terms with three council members elected every two years. The Mayor is elected to a two-year term. Four of the council members are elected within their respective wards, and the Mayor and the two remaining council members are elected at-large.

The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of roads, streets and infrastructure; inspection and licensing functions; maintenance of grounds and buildings; municipal airport; library; cemetery and parks and recreation activities. In addition to general government activities, the municipality owns and operates enterprises for a regional landfill, water pollution control facility, parking facilities, and golf course. Transportation facilities are provided by the Iowa Interstate Railroad and a network of paved county roads. Newton Municipal Airport provides both private and commercial charter air service. The Des Moines International Airport provides commercial air service to residents of Newton.

Educational services are provided to the community through the Newton Community School District that has a district population of 21,271 and estimated enrollment of 3,000. The District operates one high school, one alternative school, one middle school and four elementary schools. Continuing education opportunities are available through the Des Moines Area Community College Polytechnic Campus. The Newton Polytechnic Campus offers a wide selection of academic courses that lead to a two-year degree, as well as a unique partnership with business and industry in the area of employee training. The City has also formed a partnership with Buena Vista University, which allows students to obtain four-year degrees. Additional post-secondary education within commuting distance of the City is provided by Drake University and Grand View College, Des Moines; Central College,

Pella; Grinnell College, Grinnell; Simpson College, Indianola; Iowa State University, Ames; Marshalltown Community College, Marshalltown; University of Iowa, Iowa City; and the University of Northern Iowa, Cedar Falls.

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

	<u>1990</u>	<u>2000</u>	<u>2010</u>
City of Newton	14,799	15,579	15,254
County of Jasper	34,795	37,213	36,842
State of Iowa	2,776,831	2,926,324	3,046,355

Source: U.S. Department of Commerce.

BUILDING PERMIT TREND (Calendar Year)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Single Family Homes</u>					
No. of New Homes	10	17	19	10	7
Valuation	\$2,258,400	\$3,346,900	\$4,691,000	\$2,231,000	\$1,710,574
<u>Multiple Family Dwellings</u>					
No. of New Buildings	1	1	1	4	0
Valuation	\$400,000	\$460,000	\$453,995	\$1,500,000	\$0
<u>Commercial/Industrial/Other</u>					
No. of New Buildings	1	2	9	9	3
Valuation	\$125,000	\$232,000	\$13,451,000	\$30,567,000	\$1,303,400
<u>Additions/Remodeling</u>					
No. of Additions/Remodeling	67	78	67	62	71
Valuation	\$1,871,523	\$7,727,655	\$3,057,365	\$2,409,624	\$3,671,423
Total Permits	79	98	96	85	81
Total Valuations	\$4,654,923	\$11,766,555	\$21,653,360	\$36,707,624	\$6,685,397

Source: The City.

AGRICULTURE STATISTICS

	<u>Jasper County</u>	<u>State of Iowa</u>
Corn/grain:		
Acres harvested	179,400	13,050,000
Yield per acre	209.3	198.0
Production (000 bu.)	37,550	2,583,900
Soybeans:		
Acres harvested	133,600	9,120,000
Yield per acre	56.5	55.0
Production (000 bu.)	7,553	501,600

Source: 2020 Iowa Agricultural Statistics Bulletin, USDA, National Agriculture Statistics Service.

TAXABLE RETAIL SALES TREND

Year Ended		City of Newton	
<u>June 30</u>	<u>No. of Businesses</u>	<u>Retail Sales</u>	<u>Taxes Collected</u>
2019	526	\$251,792,301	\$15,057,484
2018	528	\$252,339,293	\$15,094,726
2017	525	\$241,833,332	\$14,460,090
2016	538	\$242,097,318	\$14,480,259
2015	536	\$248,404,476	\$14,857,337

Source: Iowa Department of Revenue and Finance, Iowa Retail Sales and Use Tax Reports.

UNEMPLOYMENT STATISTICS ¹

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
County of Jasper	3.30%	2.95%	2.75%	3.15%	3.55%
State of Iowa	3.30%	2.75%	2.60%	3.10%	3.60%

¹ Not seasonally adjusted annual average. 2020 data is through December 31, 2020.

Source: Iowa Workforce Development website.

LARGER EMPLOYERS

<u>Employer</u>	<u>Product/Service</u>	<u>Approx. No. of Employees</u>
TPI Composites Inc	Wind Turbine Blades	1,000
Newton Community School District	Education	481
Hy-Vee Corporation	Food Retailer	269
Wal-Mart, Inc	Retail	263
Arcosa Wind Towers	Industrial/Warehouse	250
Rock Communications	Commercial Printing	200
MercyOne Newton Medical Center	Hospital	179
The Vernon Company	Specialty Advertising	179
Progress Industries	Services for Disabled	165
Van Maanen Electric	Electrical	160

Source: The City.

Larger employers in the Des Moines metropolitan area include:

<u>Employer</u>	<u>Business</u>	<u>Approx. No. of Employees</u>
Wells Fargo & Co	Financial Services	13,500
UnityPoint Health	Healthcare	8,026
Principal	Financial Services	6,500
Hy-Vee, Inc.	Retail Grocery	6,400
Nationwide	Insurance	4,525
MercyOne	Healthcare	4,276
John Deere	Ag Machinery	3,500
Corteva Agriscience	Agribusiness	2,500
Kum & Go	Convenience Store Chain	2,000
United Parcel Service (UPS)	Package Shipping	1,721

Source: The Greater Des Moines Partnership and company inquiries. The list is not to be construed as a complete profile.

LARGER TAXPAYERS BY VALUATION

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 Jasper 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. With the exception of the electric and natural gas providers (which is subject to an excise tax in accordance with Iowa Code chapter 437A), the City's tax levy is 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 tax levies of the other taxing entities which overlap the properties.

<u>Taxpayer</u>	<u>Type of Property/Business</u>	<u>Taxable Value as of 1/1/2019</u>
IA Speedway	Commercial	\$20,603,691
ILPT Newton Iowa LLC	Commercial	12,966,957
Phoenix Newton Industrial Investors LLC	Commercial	12,118,716
Interstate Power & Light Co.	Commercial	7,175,130
Wesley Retirement Services	Residential	6,452,748
Wal-Mart Real Estate Business	Commercial	5,586,786
Hy-Vee Inc	Commercial	3,945,654
Newton Village, Inc.	Residential	3,695,526
GPI WG Acquisition Sub LLC	Commercial	3,397,797
Love's Travel Stop & Country Store	Commercial	<u>2,751,282</u>
		\$78,694,287
Top 10 as % of total 2019 Taxable Valuation:		15.48%

Source: Jasper County.

TAX COLLECTION TREND (All Funds)

<u>Levy Year</u>	<u>Collection Year</u>	<u>Amount Levied</u>	<u>Amount Collected*</u>	<u>Percent Collected</u>
2019	2020/21	\$8,278,899	<i>In the process of collection</i>	
2018	2019/20	\$7,682,105	\$7,598,920	98.92%
2017	2018/19	\$7,512,096	\$7,476,826	99.53%
2016	2017/18	\$7,699,692	\$7,724,200	100.32%
2015	2016/17	\$7,555,603	\$7,551,361	99.94%

* Includes delinquent taxes, if any

Source: The City.

BREAKDOWN OF CITY TAX LEVY

<u>Valuation Year:</u>	2019	2018	2017	2016	2015
<u>Collection Year:</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>
General	8.10000	8.10000	8.10000	8.10000	8.10000
Outside \$8.10	0.75481	0.69939	0.68624	0.73168	0.68283
Debt Service	2.22668	2.25249	2.35050	2.29537	2.30968
Other	<u>6.05851</u>	<u>6.08812</u>	<u>6.00326</u>	<u>6.01295</u>	<u>6.05749</u>
Total Levy	17.14000	17.14000	17.14000	17.14000	17.15000
 City Ag Land	 3.00375	 3.00375	 3.00375	 2.93029	 3.00375

Source: Iowa Department of Management.

TAX RATE PER \$1,000 OF TAXABLE VALUATION (Combined Levy for all Taxing Districts)

Valuation Year:	2019	2018	2017	2016	2015
<u>Collection Year:</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>
City of Newton	17.14000	17.14000	17.14000	17.14000	17.15000
Jasper County	7.84530	8.25697	8.25697	8.25697	8.25697
County Assessor	0.30697	0.40028	0.36790	0.40053	0.28232
Ag. Extension	0.17489	0.17674	0.18527	0.16972	0.17427
Newton CSD	15.79594	15.79274	15.78622	15.80758	15.81033
Des Moines Area	0.63533	0.65249	0.69468	0.67458	0.72334
State (Bruc./T.B.)	<u>0.0027</u>	<u>0.0028</u>	<u>0.0029</u>	<u>0.0031</u>	<u>0.0033</u>
Newton Resident:	41.90113	42.42202	42.43394	42.45248	42.40053

Source: Iowa Department of Management.

CURRENT FUND BALANCES (Unaudited, as of December 31, 2020)

General Fund	\$2,664,746
Tort Liability Fund	19,150
Hotel/Motel Tax	67,590
City Garage Fund	62,307
Road Use Tax Fund	699,413
Employment Benefits Fund	339,972
Self Insurance Fund	52,883
Local Option Tax Fund	0
Tax Increment Fund	1,206,260
Housing Initiative Fund	440,734
Central Business District Fund	7,804
Hometown Rewards Fund	11,144
Debt Service Fund	602,909
Capital Improvement Fund	(540,345) ¹
Bond Proceed Funds (for Capital)	1,393,049
Perpetual Care Fund	307,475
Fred Maytag Park Endowment Fund	233,320
Memorial Gardens Perpetual Care Fund	49,570
Wastewater (WPC) Fund	1,581,757
Landfill Fund	6,851,640
Landfill Post Closure Fund	2,669,930
Stormwater Fund	0
Golf Fund	(317,901) ²
	<u>\$18,403,407</u>

1) The Capital Improvement Fund is waiting for reimbursement of \$800,000 from the State of Iowa for work completed on 1st Avenue (State Highway).

2) The Golf Fund negative balance will be eliminated with a future transfer.

Source: The City.

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VALUATION BY PROPERTY CLASSIFICATION

The following table presents the 100% Assessed and Taxable Valuations of the City by property classification as January 1, 2019 (for collection in Fiscal Year 2020/21).

	Assessment Year: 2019 Collection Year: 2020/21	
	100% Actual Value	Taxable Value (With Rollback)
Residential	\$630,811,291	\$339,082,950
Commercial	\$90,547,860	\$77,404,244
Industrial	\$26,138,066	\$22,238,999
Multiresidential	\$32,171,604	\$22,666,095
Railroads	\$456,890	\$411,201
Utilities w/o Gas & Electric	\$1,217,670	\$1,217,670
Other	\$30,087	\$30,087
Gross Valuation	\$781,373,468	\$463,051,246
Less: Military Exemption	\$1,266,768	\$1,266,768
Net Valuation	\$780,106,700	\$461,784,478
TIF Increment - (used to compute debt service levies and constitutional debt limit)	\$73,179,022	\$73,179,022
Taxed Separately		
Ag. Land	\$2,695,180	\$2,196,121
Ag. Buildings	\$108,110	\$88,092
Gas & Electric	\$63,265,418	\$10,323,302

Source: Iowa Department of Management.

VALUATION TREND

Valuation Year	Payable Fiscal Year	100% Actual Valuation	Taxable Valuation (With Rollback)	Taxable TIF Increment Valuation	Total Taxable Valuation
2019	2020/21	\$919,354,430	\$472,107,780	\$73,179,022	\$545,286,802
2018	2019/20	836,191,397	437,547,936	70,756,610	508,304,546
2017	2018/19	814,886,719	427,351,699	70,492,342	497,844,041
2016	2017/18	803,670,578	439,438,977	66,351,112	505,790,089
2015	2016/17	795,748,093	430,884,204	65,133,342	496,017,546

The 100% actual valuations, before rollback and after reduction of military exemption, include ag land and buildings, TIF increment, and gas and electric utilities and are used for calculating debt capacity. The taxable valuations, with the rollback and after the reduction of military exemption, include gas and electric utilities, exclude ag land and buildings and exclude taxable TIF increment value, which is shown separately. Iowa cities certify operating levies against taxable value excluding TIF increment. However, debt service levies are certified against taxable value including TIF increment.

Source: Iowa Department of Management.

DEBT LIMIT CALCULATION

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by constitutional debt limit which is an amount equal to 5% of the value of taxable property within its limits as ascertained by the last state and county tax lists. The Issuer's debt limit, based upon 2019 property valuations (payable FY 2021), is illustrated below:

	<u>2019 Valuation</u>
Actual Valuation, 1/1/2019	\$920,621,198
Less: Military Exemption	<u>\$1,266,768</u>
	\$919,354,430
	x 5%
Debt Limit	<u>\$45,967,722</u>
Less Debt Subject to Debt Limit:	
General Obligation Bonds	\$34,487,000 *
TIF Rebate Obligation (Total Development Agreements)	761,000
Iowa Workforce Development Loan Guarantee ¹⁾	<u>429,474</u>
Total Debt Subject to Debt Limit	<u>\$35,677,474 *</u>
Amount of Debt Capacity Remaining	\$10,290,248
Percent of Debt Capacity Remaining	22.39%

- 1) City has guaranteed a Workforce Housing Loan through the Iowa Finance Authority ("IFA"). The total loan amount of \$450,000 has been drawn with \$429,474 currently outstanding. While the developer repays the debt, it is a general obligation of the City (IFA and the City execute the loan and assign interest to an outside lender and developer, respectively).

GENERAL OBLIGATION DEBT

General Obligation Debt Paid by Taxes and Tax Increment

Date of Issue	Original Amount	Purpose	Final Maturity	Amount Obligated as of 4/21/21
6/2015A	\$4,790,000	Various Improvements Urban Renewal Projects & Refunding (Taxable)	6/2025	\$2,890,000
6/2015B	4,705,000	Various Improvements & Urban Renewal Projects	6/2026	3,080,000
8/2017A	1,447,000	Various Improvements & Urban Renewal Projects	6/2028	1,334,000
8/2017B	1,626,000	Various Improvements & Urban Renewal Projects	6/2028	1,586,000
12/2017C	2,388,000	Various Improvements & Urban Renewal Projects	6/2032	2,112,000
4/2019A	4,310,000	Various Improvements & Urban Renewal Projects	6/2038	4,210,000
4/2019B	3,095,000	Various Improvements & Urban Renewal Projects (Taxable)	6/2034	3,095,000
11/2019C	1,995,000	Various Improvements & Urban Renewal Projects (Taxable)	6/2033	1,930,000
5/2020A	2,340,000	Various Improvements & Urban Renewal Projects	6/2039	2,340,000
5/2020B	1,230,000	Various Improvements & Urban Renewal Projects (Taxable)	6/2039	1,230,000
10/2020C	5,745,000	Current Refunding 2012 and 2014B	6/2025	5,745,000
10/2020D	1,530,000	Various Improvements/Urban Renewal Projects/Refunding 2014A (Taxable)	6/2040	1,530,000
4/2021A	2,970,000	*Various Improvements and Urban Renewal Projects	6/2040	2,970,000 *
4/2021B	435,000	*Various Improvements (Taxable)	6/2040	<u>435,000 *</u>
			Total	\$34,487,000 *

*Preliminary, subject to change.

Annual Fiscal Year G.O. Debt Service Payments Paid by Tax and Tax Increment

Current Outstanding

Fiscal Year	<u>G.O. Debt</u>		<u>Series 2021A Bonds*</u>		<u>Series 2021B Bonds*</u>		Total Projected Principal and Interest*
	<u>Outstanding Principal</u>	<u>Outstanding Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
FY 2020-21	\$3,194,000	\$344,314					\$3,538,314
FY 2021-22	3,163,000	770,296		\$66,000		\$15,745	4,015,041
FY 2022-23	3,258,000	703,940		59,400		14,171	4,035,510
FY 2023-24	3,271,000	633,433		59,400		14,171	3,978,004
FY 2024-25	3,330,000	557,757		59,400		14,171	3,961,328
FY 2025-26	1,821,000	474,212		59,400		14,171	2,368,782
FY 2026-27	1,791,000	424,276	\$185,000	59,400	\$25,000	14,171	2,498,847
FY 2027-28	1,699,000	373,350	190,000	55,700	25,000	13,519	2,356,568
FY 2028-29	1,095,000	323,969	190,000	51,900	25,000	12,867	1,698,736
FY 2029-30	1,126,000	288,986	200,000	48,100	30,000	12,215	1,705,301
FY 2030-31	1,174,000	252,715	200,000	44,100	30,000	11,432	1,712,248
FY 2031-32	1,210,000	213,283	205,000	40,100	30,000	10,650	1,709,033
FY 2032-33	1,020,000	172,470	210,000	36,000	30,000	9,585	1,478,055
FY 2033-34	965,000	137,350	210,000	31,800	30,000	8,520	1,382,670
FY 2034-35	625,000	103,273	220,000	27,600	30,000	7,455	1,013,328
FY 2035-36	635,000	81,218	225,000	23,200	35,000	6,390	1,005,808
FY 2036-37	675,000	58,763	225,000	18,700	35,000	5,148	1,017,610
FY 2037-38	690,000	34,938	230,000	14,200	35,000	3,905	1,008,043
FY 2038-39	310,000	10,585	240,000	9,600	35,000	2,663	607,848
FY 2039-40	<u>30,000</u>	<u>818</u>	<u>240,000</u>	<u>4,800</u>	<u>40,000</u>	<u>1,420</u>	<u>317,038</u>
Total	\$31,082,000	\$5,959,944	\$2,970,000	\$768,800	\$435,000	\$192,367	\$41,408,111

*Preliminary, subject to change.

OTHER CITY DEBT

Tax Increment Revenue Debt/Obligations: The City has entered into various development agreements relating to urban renewal project as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Amount Obligated as of 6/30/20</u>
Various	Various	Urban Renewal Development Agreements	\$1,989,729

Sewer Revenue Debt: The City has revenue debt payable solely from net revenues of the sewer enterprise fund as follows:

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Amount Outstanding as of 4/21/21</u>
5/2002	\$2,261,000	Improvements (SRF Loan)	6/2023	\$430,000
4/2007	2,722,000	Improvements (SRF Loan)	6/2027	1,083,000
1/2010	548,000	Improvements (SRF Loan)	6/2030	271,000
4/2021C	*5,105,000	Improvements (issued concurrently with 2021A/B Bonds)	6/2041	<u>*5,105,000</u>
Total				<u>*\$6,889,000</u>

*Projected, subject to change.

Road Use Tax Revenue Debt: The City has revenue debt payable solely from Road Use Tax revenues as follows:

<u>Date</u> <u>of Issue</u>	<u>Original</u> <u>Amount</u>	<u>Purpose</u>	<u>Final</u> <u>Maturity</u>	<u>Amount</u> <u>Outstanding</u> <u>as of 4/21/21</u>
4/2021D	*\$1,760,000	Street Improvements (issued concurrently with 2021A/B Bonds)	6/2033	*\$1,760,000
<i>*Projected, subject to change.</i>				

OTHER OBLIGATIONS

From time to time the City, pursuant to Section 403.9 of the Code of Iowa and the Issuer's urban renewal plans, has entered into Development Agreements, Rebate Agreements, and the like, which contain payment obligations from the Issuer to an external party. The Issuer's payment requirements under these contracts are not structured as general liabilities of the Issuer, but rather are exclusively secured by and payable from a pledge of the City's incremental property tax revenues (TIF) to be derived from the taxable properties (or some subset thereof) contained within an urban renewal area of the Issuer pursuant to Section 403.19 of the Code of Iowa. The City's payment obligations under these contracts are routinely contingent upon development or redevelopment performance requirements of the external party and are typically made subject to annual appropriation rights by the City Council. TIF Payments under these contracts are typically due and owing semi-annually on December 1 and June 1 of each fiscal year of the City. The City has two of these Development Agreements in place, both with an aggregate remaining maximum payment liability less than \$100,000. The aggregated (and estimated) remaining payment liability of the City under these smaller contracts is approximately \$133,750, and the last of the payments thereunder is scheduled to be paid by 2036.

In addition, the City's more significant Development Agreements, each with an estimated remaining payment liability of \$100,000 or more, and each subject to annual appropriation by the City, are listed in the following table:

<u>Third Party Agreement Name</u>	<u>Agreement Date</u>	<u>Maximum Amount Outstanding</u>	<u>Last Payment Date</u>
McCann Housing Partners	March 2019	\$600,000	2033
Lion Development Group	January 2020	\$900,000	2030
Newton Elite Properties	November 2020	\$110,000	2031
Hotel Maytag	December 2020	\$360,000	2034
Project Fast Pitch	December 2020	\$13,525,000	2043

INDIRECT GENERAL OBLIGATION DEBT

<u>Taxing District</u>	<u>1/1/2019</u> <u>Taxable</u> <u>Valuation</u>	<u>Percent</u> <u>in City</u>	<u>G.O. Debt ¹⁾</u> <u>(as of 4/21/21)</u>	<u>City's</u> <u>Proportionate</u> <u>Share</u>
Jasper County	\$1,894,009,243	28.79%	\$5,200,000	\$1,497,084
Newton Community School District	906,935,330	60.12%	23,425,000	14,084,073
Des Moines Area Community College	54,207,834,621	1.01%	52,490,000	528,007
City's Total Share of Overlapping Debt:				\$16,109,164

DEBT RATIOS

	<u>G.O. Debt</u>	<u>Debt/Actual</u> <u>Market Value</u>	<u>Debt/Taxable</u> <u>Market Value</u>	<u>Debt/15,254</u> <u>Population</u>
Total Direct General Obligation Debt	\$35,677,474	3.88%	7.02%	\$2,338.89
City's Share of Overlapping Debt	\$16,109,164	1.75%	3.17%	\$1,056.06

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APPENDIX B

FORMS OF BOND COUNSEL OPINIONS

*(Form of Bond Counsel Opinion Series 2021A)

We hereby certify that we have examined certified copies of the proceedings (the “Proceedings”) of the City Council of the City of Newton (the “Issuer”), in Jasper County, State of Iowa, passed preliminary to the issue by the Issuer of its General Obligation Corporate Purpose Bonds, Series 2021A (the “Bonds”) in the amount of \$2,970,000, dated April 21, 2021, in evidence of the Issuer’s obligation under a certain loan agreement (the “Loan Agreement”), dated April 21, 2021. The Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually, commencing June 1, and December 1 in each year, beginning December 1, 2021, at the respective rates as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>
2027	\$ 185,000	____%	2034	\$ 210,000	____%
2028	\$ 190,000	____%	2035	\$ 220,000	____%
2029	\$ 190,000	____%	2036	\$ 225,000	____%
2030	\$ 200,000	____%	2037	\$ 225,000	____%
2031	\$ 200,000	____%	2038	\$ 230,000	____%
2032	\$ 205,000	____%	2039	\$ 240,000	____%
2033	\$ 210,000	____%	2040	\$ 240,000	____%

Principal of the Bonds maturing in each of the years 2029 to 2040, inclusive, is subject to optional redemption prior to maturity on June 1, 2028, or on any date thereafter on terms of par plus accrued interest.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.
2. The Bonds and the Loan Agreement are valid and binding general obligations of the Issuer.
3. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.
4. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not treated as a preference item in calculating the federal alternative minimum tax imposed under the Internal Revenue Code of 1986 (the “Code”). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.
5. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the Bonds be, or continue to be, qualified tax-exempt obligations. The Issuer has covenanted to comply with each such requirement.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

***This form of bond counsel opinion is subject to change pending the results of the sale of the Series 2021A Bonds contemplated herein.**

***(Form of Bond Counsel Opinion Series 2021B)**

We hereby certify that we have examined certified copies of the proceedings (the “Proceedings”) of the City Council of the City of Newton (the “Issuer”), in Jasper County, State of Iowa, passed preliminary to the issue by the Issuer of its Taxable General Obligation Corporate Purpose Bonds, Series 2021B (the “Bonds”) in the principal amount of \$435,000, in the denomination of \$5,000 each, or any integral multiple thereof, dated April 21, 2021, in evidence of the Issuer’s obligation under a certain loan agreement (the “Loan Agreement”), dated as of April 21, 2021. The Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually, commencing December 1, 2021, at the respective rates as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>
2031	\$ 135,000	____%
2040	\$ 300,000	____%

Principal of the Bonds maturing in the year 2040 are subject to optional redemption prior to maturity on June 1, 2031, or on any date thereafter on terms of par plus accrued interest.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.
2. The Bonds and the Loan Agreement are valid and binding general obligations of the Issuer.
3. All taxable property within the corporate boundaries of the Issuer is subject to the levy of taxes to pay the principal of and interest on the Bonds without constitutional or statutory limitation as to rate or amount.
4. The interest on the Bonds is not excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

***This form of bond counsel opinion is subject to change pending the results of the sale of the Series 2021B Bonds contemplated herein.**

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Newton, Iowa (the “Issuer”), in connection with the issuance of \$2,970,000 General Obligation Corporate Purpose Bonds, Series 2021A, and \$435,000 Taxable General Obligation Corporate Purpose Bonds, Series 2021B (collectively, the “Bonds”), dated April 21, 2021. The Bonds are being issued pursuant to a resolution of the Issuer approved on April 5, 2021 (the “Resolution”). The Issuer covenants and agrees as follows:

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

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

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

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

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

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system available at <http://emma.msrb.org>.

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

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

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

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

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

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

“State” shall mean the State of Iowa.

Section 3. Provision of Annual Reports.

(a) Not later than June 30 (the “Submission Deadline”) of each year following the end of the 2020-2021 fiscal year, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file on EMMA an electronic copy of its Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate in a format and accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the Submission Deadline if they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and the Submission Deadline beginning with the subsequent fiscal year will become one year following the end of the changed fiscal year.

(b) If the Issuer has designated a Dissemination Agent, then not later than fifteen (15) business days prior to the Submission Deadline, the Issuer shall provide the Annual Report to the Dissemination Agent.

(c) If the Issuer is unable to provide an Annual Report by the Submission Deadline, in a timely manner thereafter, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file a notice on EMMA stating that there has been a failure to provide an Annual Report on or before the Submission Deadline.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The **audited financial statements** of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such audited financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements are not available by the Submission Deadline, the Annual Report shall contain unaudited financial information (which may include any annual filing information required by State law) accompanied by a notice that the audited financial statements are not yet available, and the audited financial statements shall be filed on EMMA when they become available.

(b) Tables, schedules or other information contained in the official statement for the Bonds, under the following captions:

- **GENERAL INFORMATION (only with respect to Issuer's population)**
- **BUILDING PERMIT TREND (Calendar Year)**
- **TAXABLE RETAIL SALES TREND**
- **LARGER TAXPAYERS BY VALUATION**
- **TAX COLLECTION TREND (All Funds)**
- **BREAKDOWN OF CITY TAX LEVY**
- **TAXABLE RATE PER \$1,000 OF TAXABLE VALUATION (only with respect to Issuer)**
- **CURRENT FUND BALANCES (as of June 30)**
- **VALUATION BY PROPERTY CLASSIFICATION**
- **VALUATION TREND**
- **DEBT LIMIT CALCULATION**
- **GENERAL OBLIGATION DEBT**
- **OTHER CITY DEBT**
- **DEBT RATIOS**

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which are available on EMMA or are filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available on EMMA. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note to paragraph (12): For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) If a Listed Event described in Section 5(a) paragraph (2), (7), (8) (but only with respect to bond calls under (8)), (10), (13), (14), or (15) has occurred and the Issuer has determined that such Listed Event is material under applicable federal securities laws, the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB.

(c) If a Listed Event described in Section 5(a) paragraph (1), (3), (4), (5), (6), (8) (but only with respect to tender offers under (8)), (9), (11), (12), or (16) above has occurred the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in Section 5(a) paragraphs (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

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

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

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

(a) (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; (ii) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver either (1) is approved by a majority of the Holders, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners; or

(b) the amendment or waiver is necessary to comply with modifications to or interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information

or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing audited financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the audited financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

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

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

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

Dated: April 21, 2021

CITY OF NEWTON, IOWA

By _____
Mayor

Attest:

By _____
City Clerk

APPENDIX D

AUDITED FINANCIAL STATEMENTS OF THE ISSUER

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

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CITY OF NEWTON, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2020

CITY OF NEWTON, IOWA
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INTRODUCTORY SECTION

Newton

January 8, 2021

To the Honorable Mayor, City Council, and Citizens of the City of Newton, Iowa:

I am pleased to submit the Annual Financial Report for the City of Newton, Iowa, for the fiscal year ended June 30, 2020, and to also provide information about the City organization and community. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than the U.S. Generally Accepted Accounting Principles. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Annual Financial Report is presented in four sections: Introductory, Financial, Compliance, and Statistical. The Introductory section includes the table of contents, letter of transmittal, and a list of City officials. The Financial section includes the independent auditor's report, Management's Discussion and Analysis, the basic financial statements, other information, and supplementary information.

The Compliance Section includes the Auditor's Report on Internal Control over Financial Reporting and Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. The Statistical section includes selected financial and demographic information generally presented on a multi-year basis.

The City of Newton has operated under a Mayor-Council form of government with an appointed City Administrator since 1982. Policy-making and legislative authority are vested in the governing Council, which consists of a Mayor and six-member City Council. The City Council is responsible for adopting ordinances, policy resolutions, the Annual Budget, and Capital Improvement Plan, appointing committees, and hiring the City Administrator, City Attorney, and City Clerk.

The City Administrator is responsible for overseeing the day-to-day operations of the City and for appointing and supervising the City's Department Directors. The City Council is elected on a non-partisan basis to four-year staggered terms, with three City Council members elected every two years. The Mayor is elected for a two-year term. Four of the City Council members are elected within their respective wards, and the Mayor and the two remaining City Council members are elected at-large.

This Report includes all funds of the City of Newton except for the Newton Waterworks and all discretely presented component units. The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of roads, streets and infrastructure; inspection and licensing functions; maintenance of grounds and buildings; municipal airport; library; cemetery; and parks and recreation activities. In addition to general government activities, the City owns and operates enterprises for a regional landfill, water pollution control facility, and golf course.

ECONOMIC CONDITION AND OUTLOOK

The City of Newton serves as the Jasper County seat and as a local employment center. It is a regional retail hub, with a full range of shopping and services that represent more than 75% of the sales in Jasper County. The official population now stands at 15,254.

The overall outlook for Newton is positive. Supported by significant housing and retail initiatives, Newton has seen economic growth in the last 12 months. In 2020, the City issued building permits for new residential construction with a total valuation of \$2,658,400. Total valuation for all permits issued in Calendar Year 2020 had a valuation of \$4,654,923.

Newton remains the stable home of many strong local employers such as Cline Tool, Rock Communications, Arcosa Wind Towers, Van Maanen Electric, MercyOne Newton Medical Center, TPI Composites, Inc., The Vernon Company, and Thombert Inc. After decreasing from FY13 to FY17, total assessed value in the City of Newton grew during FY20 for the third year in a row. In June 2020, the unemployment rate was at 8.1%, up from 2.6% in June of 2019. This increase in unemployment is directly related to the ongoing Covid-19 pandemic.

The community is located along major transportation routes near an expanding metropolitan area and is intentionally diversifying its economic base. Newton continues to position itself for consistent future growth.

CITY OPERATIONS

The Mayor, City Council, and City Staff conduct goal setting activities on a regular basis in order to provide the City with a firm sense of direction about its future, as well as to evaluate current activities. The City's 2018-2020 Comprehensive Plan was adopted in the fall of 2018. Throughout fiscal year 2019-2020, Staff and the Council worked on implementing the plan through project initiatives and major capital investments.

FINANCIAL INFORMATION

City administration is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with the Cash Basis of Accounting, which is another comprehensive basis of accounting. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of “reasonable assurance” recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

BUDGETING CONTROLS

The City maintains budgeting controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. All funds are included in the annual appropriated budget. The level of budgeting control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the program level.

As demonstrated by the financial statements and schedules included in the Financial Section of this Report, the City continues to meet its responsibility for sound financial management.

DEBT ADMINISTRATION

At June 30, 2020 the City of Newton had a number of debt issues outstanding. In fiscal year 2019-20, the City maintained an A+ rating from S&P Global Ratings on General Obligation Bond issues. Under current state statutes, the City's General Obligation debt issues are subject to a legal limitation based on 5% of total actual value of real property.

The City looks for, and calls in, bond issues that will generate annual principal and interest savings.

CASH MANAGEMENT

Cash temporarily idle during the year was invested in demand deposits and certificates of deposit. The Investment Policy adopted by the City Council stresses the importance of capital preservation. The Policy directives intend to minimize credit and market risks while maintaining a competitive yield on the portfolio. Accordingly, deposits were either covered by Federal Depository Insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

RISK MANAGEMENT

The City is fully insured for its general and auto liability as well as public official, police professional, and ambulance professional liability. Workers' compensation coverage is provided through a statewide risk pool for local governments, the Iowa Municipalities Workers' Compensation Association (IMWCA). The City is fully insured for all insurance plans for medical, dental, and prescription drug expenses.

OTHER INFORMATION

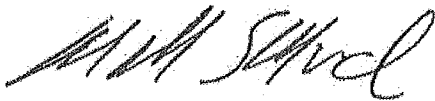
INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. Gronewold, Bell, Kyhnn & Co. P.C. has issued unmodified opinions on the City of Newton's governmental activities, the business type activities, each major fund, and aggregate remaining funds financial statements for the year ended June 30, 2020. The independent auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report.

ACKNOWLEDGMENTS

I am grateful for the support and interest of the Mayor and City Council, Department Directors, and other management Staff for their conscientiousness in planning and conducting the financial operations of the City of Newton in a responsible and progressive manner. Preparation of this Report could not have been accomplished without the dedicated services of the Finance Officer and the efficient assistance of the City's independent auditors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Matt Muckler", written in a cursive style.

Matt Muckler
City Administrator

CITY OF NEWTON, IOWA
OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January, 2020)		
Michael Hansen	Mayor	January, 2020
Craig Trotter	Council Member	January, 2020
Mark Hallam	Council Member	January, 2020
Dean Stonner	Council Member	January, 2022
Lin Chape	Council Member	January, 2020
Steve Mullan	Council Member	January, 2022
Evelyn George	Council Member	January, 2022
Matt Muckler	City Administrator	Indefinite
Katrina Davis	City Clerk	Indefinite
Matthew Brick	City Attorney	Indefinite
Lisa Frasier	Finance Officer	Indefinite
(After January, 2020)		
Michael Hansen	Mayor	January, 2022
Craig Trotter	Council Member	January, 2024
Mark Hallam	Council Member	January, 2024
Dean Stonner	Council Member	January, 2022
Steve Mullan	Council Member	January, 2022
Evelyn George	Council Member	January, 2022
Randy Ervin	Council Member	January, 2024
Matt Muckler	City Administrator	Indefinite
Katrina Davis	City Clerk	Indefinite
Matthew Brick	City Attorney	Indefinite
Lisa Frasier	Finance Officer	Indefinite

FINANCIAL SECTION

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Newton, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and
Members of the City Council

Opinions

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Major Governmental Funds:	
General	Unmodified
Special Revenue:	
Road Use Tax	Unmodified
Employee Benefits	Unmodified
Urban Renewal Tax Increment	Unmodified
Debt Service	Unmodified
Capital Projects	Unmodified
Major Enterprise Funds:	
Sewer	Unmodified
Landfill	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City's legally separate component units. Accounting principles applicable to the cash basis of accounting require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity which include the financial data for its component units. The City has not issued such reporting entity financial statements. The amounts by which this departure would affect the receipts, disbursements and cash balances of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Newton as of June 30, 2020, or the changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Newton as of June 30, 2020, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

To the Honorable Mayor and
Members of the City Council

Other Matters

Supplementary and Other Information

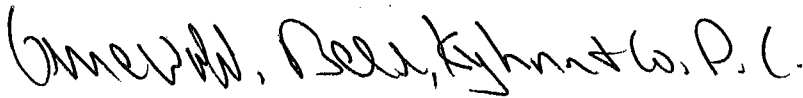
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Newton's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the five years ended June 30, 2019 (which are not presented herein) and expressed adverse and unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the four years ended June 30, 2014 (none of which are presented herein), were audited by other auditors whose report expressed adverse and unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in page 3 and pages 42 through 48 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The other information, including the Introductory Section, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability, the Schedule of City Contributions, and the Statistical Section, on pages 2 through 2c, 5 through 5f, 34 through 41, and 54 through 62, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2021 on our consideration of the City of Newton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Newton's internal control over financial reporting and compliance.



Atlantic, Iowa
January 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Newton provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2020 FINANCIAL STATEMENTS

- Receipts of the City's governmental activities decreased 9.8%, or approximately \$2,712,000, from fiscal year 2019 to fiscal year 2020. Grants, contributions and restricted interest revenues decreased by approximately \$490,000, and debt proceeds decreased by approximately \$2,366,000.
- Disbursements of the City's governmental activities increased 12.6%, or approximately \$3,106,000, in fiscal year 2020 over fiscal year 2019. Capital projects disbursements increased by approximately \$819,000 and payments to refund debt increased by approximately \$1,928,000.
- The City's total cash basis net position decreased 5.7%, or approximately \$1,132,000, from June 30, 2019 to June 30, 2020. Of this amount, the cash basis net position of the governmental activities decreased approximately \$2,366,000 and the cash basis net position of the business type activities increased approximately \$1,234,000.

USING THIS ANNUAL REPORT

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

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

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

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

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

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These funds focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Employee Benefits and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund, and 5) the Permanent Funds. The governmental fund financial statements provide a detailed view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains separate Enterprise Funds to provide information for the Sewer and Landfill Funds, considered to be major funds of the City.

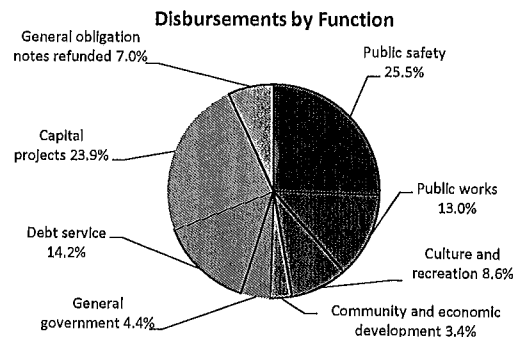
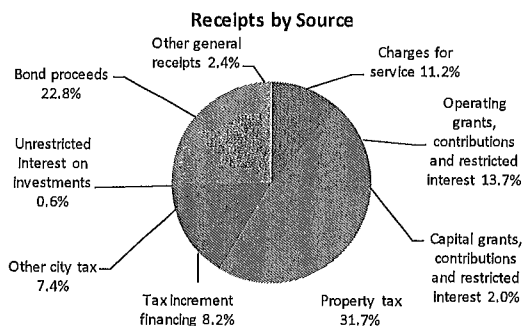
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from approximately \$11.432 million to approximately \$9.066 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)

	Year ended June 30,	
	2020	2019
Receipts:		
Program receipts:		
Charges for service	\$ 2,779	\$ 2,491
Operating grants, contributions and restricted interest	3,408	3,046
Capital grants, contributions and restricted interest	489	1,341
General receipts:		
Property tax	7,883	7,770
Tax increment financing	2,028	2,020
Other city tax	1,848	1,804
Unrestricted interest on investments	146	166
Bond proceeds	5,678	8,044
Other general receipts	601	890
Total receipts	<u>24,860</u>	<u>27,572</u>
Disbursements:		
Public safety	7,081	6,968
Public works	3,593	3,134
Culture and recreation	2,398	2,476
Community and economic development	957	1,249
General government	1,207	1,309
Debt service	3,944	3,685
Capital projects	6,634	5,815
General Obligation notes refunded	1,928	--
Total disbursements	<u>27,742</u>	<u>24,636</u>
Change in cash basis net position before transfers	(2,882)	2,936
Transfers, net	<u>516</u>	<u>373</u>
Change in cash basis net position	(2,366)	3,309
Cash basis net position beginning of year	<u>11,432</u>	<u>8,123</u>
Cash basis net position end of year	<u>\$ 9,066</u>	<u>\$ 11,432</u>



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The City's total receipts for governmental activities decreased 9.8%, or approximately \$2,712,000, over the prior year. The total cost of all programs and services increased approximately \$3,106,000, or 12.6%, with no new programs added this year. The decrease in revenues was primarily the result of debt proceed revenues. The increase in disbursements was primarily the result of the capital projects disbursements and refunding debt payments.

The cost of all governmental activities this year was approximately \$27.742 million compared to approximately \$24.636 million last year. The City's disbursements increased the most in the capital projects function. Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for services, decreased in fiscal year 2020 from approximately \$6,878,000 to approximately \$6,676,000, principally due to receiving less in capital grants, contributions and restricted interest.

Changes in Cash Basis Net Position of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2020	2019
Receipts:		
Program receipts:		
Charges for service:		
Sewer	\$ 2,976	\$ 2,764
Landfill	2,032	2,257
Golf	281	261
Operating grants, contributions and restricted interest	23	24
General receipts:		
Unrestricted interest on investments	131	163
Other general receipts	194	151
Total receipts	<u>5,637</u>	<u>5,620</u>
Disbursements:		
Sewer	2,341	2,637
Landfill	1,049	1,042
Golf	497	494
Total disbursements	<u>3,887</u>	<u>4,173</u>
Change in cash basis net position before transfers	1,750	1,447
Transfers, net	<u>(516)</u>	<u>(373)</u>
Change in cash basis net position	1,234	1,074
Cash basis net position beginning of year	<u>8,353</u>	<u>7,279</u>
Cash basis net position end of year	<u>\$ 9,587</u>	<u>\$ 8,353</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Total business type activities receipts for the fiscal year were approximately \$5.637 million compared to approximately \$5.620 million last year. This increase was due to an increase in general receipts. Total disbursements for the fiscal year decreased 6.85% to approximately \$3.887 million due to decreased sewer disbursements.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Newton completed the year, its governmental funds reported a combined fund balance of \$9,065,811, a decrease of approximately \$2,366,000 from last year's total of \$11,432,441. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$788,119 from the prior year to \$2,811,471. Disbursements decreased \$260,519, or 3.0%, over the prior year. The miscellaneous receipts increased approximately \$601,000, primarily due to the City receiving an estate donation for the Library.
- The Special Revenue, Employee Benefits Fund cash balance increased \$40,095 to \$195,435, primarily due to property tax collections plus transfers being more than benefits paid.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance decreased \$56,370 to \$(174,769). The City collected more in tax increment financing receipts and sold plots of land for approximately \$250,000 in the current year while disbursing less of rebate payments to developers.
- The Debt Service Fund cash balance decreased \$225,414 to \$126,170.
- The Capital Projects Fund cash balance decreased \$2,453,849 to \$4,566,384.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Sewer Fund cash balance increased \$359,052 to \$1,106,013, due to decreased capital project costs and increased operating receipts in the current year.
- The Enterprise, Landfill Fund cash balance increased \$971,640 to \$8,826,132 due to operating receipts being more than operating disbursements in the current year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on May 18, 2020 and resulted in an increase in operating disbursements in the amount of \$5,335,344.

The City's receipts were \$602,163 more than budgeted. This was primarily due to actual revenues in charges for services being more than budgeted and actual revenues in licenses and permits and miscellaneous being less than budgeted.

Actual disbursements were \$6,698,792 less than the amended budget. This was primarily due to actual disbursements in the debt service, capital projects, and business type activities being less than budgeted.

DEBT ADMINISTRATION

At June 30, 2020, the City had \$32,910,474 of bonds and other long-term debt outstanding, compared to \$32,483,000 last year as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2020	2019
General obligation notes and bonds	\$ 31,126	\$ 30,405
Sewer revenue capital loan notes	1,784	2,078
Total	\$ 32,910	\$ 32,483

Debt increased as a result of the City issuing \$5.678 million of General Obligation Refunding Bonds and Corporate Purpose Bonds during the year.

The City was assigned a general obligation bond rating of A+ by S&P Global Ratings in March of 2019. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$31,126,474 is significantly below its constitutional debt limit of approximately \$42 million. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Newton's elected and appointed officials and citizens considered many factors when setting the fiscal year 2021 budget, tax rates, and fees charged for various City activities. One of those factors is the economy. Unemployment in Jasper County now stands at 8.1% versus 2.6% a year ago. This compares with the State's unemployment rate of 8.4% and the national rate of 11.1%. All unemployment figures are as of June 30, 2020.

These indicators were taken into account when adopting the budget for fiscal year 2021. Amounts available for appropriation in the operating budget, including balances on hand and other financing sources, are approximately \$53 million, a decrease of 9.3% from the final fiscal year 2020 budget. The decrease is due primarily to spending unused bond proceeds for capital items. Budgeted disbursements/expenses decreased by approximately \$2.3 million dollars.

If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately 2.5 million dollars by the close of fiscal year 2021.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Frasier, Finance Officer, 101 W. 4th Street S., Newton, Iowa 50208.

CITY OF NEWTON, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION

As of and for the year ended June 30, 2020

		<u>Program Receipts</u>	
	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
Functions/Programs:			
Governmental activities:			
Public safety	\$ 7,080,878	\$ 1,493,840	\$ 476,757
Public works	3,592,615	976,662	1,984,280
Culture and recreation	2,398,550	202,808	732,351
Community and economic development	957,173	55,935	90,439
General government	1,207,102	49,599	81,401
Debt service	3,943,699	--	25,496
Capital projects	6,634,097	--	17,373
Total governmental activities	<u>25,814,114</u>	<u>2,778,844</u>	<u>3,408,097</u>
Business type activities:			
Sewer	2,340,668	2,976,127	17,599
Landfill	1,049,176	2,032,434	3,935
Golf	497,333	280,463	1,585
Total business type activities	<u>3,887,177</u>	<u>5,289,024</u>	<u>23,119</u>
Total	<u>\$ 29,701,291</u>	<u>\$ 8,067,868</u>	<u>\$ 3,431,216</u>
General Receipts and Transfers:			
Property and other city tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Hotel motel tax			
Franchise fees			
Local option sales tax			
Speedway ticket surcharge			
Unrestricted interest on investments			
Proceeds from sale of assets			
Debt proceeds			
Bonds issued for refunding debt			
Payment for refunding debt			
Miscellaneous			
Transfers			
Total general receipts and transfers			
Change in cash basis net position			
Cash basis net position beginning of year			
Cash basis net position end of year			

(continued next page)

Program Receipts Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
\$ --	\$(5,110,281)	\$ --	\$(5,110,281)
--	(631,673)	--	(631,673)
--	(1,463,391)	--	(1,463,391)
--	(810,799)	--	(810,799)
--	(1,076,102)	--	(1,076,102)
--	(3,918,203)	--	(3,918,203)
<u>489,234</u>	<u>(6,127,490)</u>	<u>--</u>	<u>(6,127,490)</u>
<u>489,234</u>	<u>(19,137,939)</u>	<u>--</u>	<u>(19,137,939)</u>
--	--	653,058	653,058
--	--	987,193	987,193
<u>--</u>	<u>--</u>	<u>(215,285)</u>	<u>(215,285)</u>
<u>--</u>	<u>--</u>	<u>1,424,966</u>	<u>1,424,966</u>
<u>\$ 489,234</u>	<u>(19,137,939)</u>	<u>1,424,966</u>	<u>(17,712,973)</u>
	6,719,932	--	6,719,932
	1,162,840	--	1,162,840
	2,027,592	--	2,027,592
	282,411	--	282,411
	99,384	--	99,384
	1,565,459	--	1,565,459
	184,000	--	184,000
	146,496	131,117	277,613
	312,341	955	313,296
	3,683,000	--	3,683,000
	1,995,000	--	1,995,000
	(1,928,000)	--	(1,928,000)
	4,935	193,257	198,192
	<u>515,919</u>	<u>(515,919)</u>	<u>--</u>
	<u>16,771,309</u>	<u>(190,590)</u>	<u>16,580,719</u>
	(2,366,630)	1,234,376	(1,132,254)
	<u>11,432,441</u>	<u>8,353,367</u>	<u>19,785,808</u>
	<u>\$ 9,065,811</u>	<u>\$ 9,587,743</u>	<u>\$ 18,653,554</u>

CITY OF NEWTON, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION - Continued

As of and for the year ended June 30, 2020

		<u>Program Receipts</u>	
	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
Cash Basis Net Position			
Restricted:			
Nonexpendable:			
Cemetery perpetual care			
Permanent endowments			
Expendable:			
Streets			
Urban renewal purposes			
Housing initiative			
Capital projects			
Debt service			
Waste reduction			
Closure and postclosure care			
Other purposes			
Unrestricted			
Total cash basis net position			

The accompanying notes are an integral part of these statements.

Program Receipts Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
	\$ 349,755	\$ --	\$ 349,755
	233,320	--	233,320
	602,532	--	602,532
(	174,769)	--	(174,769)
	279,648	--	279,648
	4,566,384	--	4,566,384
	126,170	27,795	153,965
	--	155,628	155,628
	--	2,461,956	2,461,956
	271,300	--	271,300
	<u>2,811,471</u>	<u>6,942,364</u>	<u>9,753,835</u>
	<u>\$ 9,065,811</u>	<u>\$ 9,587,743</u>	<u>\$ 18,653,554</u>

CITY OF NEWTON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2020

		Special Revenue	
	General	Employee Benefits	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 3,723,880	\$ 2,569,396	\$ --
Tax increment financing	--	--	2,027,592
Other city tax	376,056	64,791	--
Licenses and permits	247,113	--	--
Use of money and property	115,504	--	2,294
Intergovernmental	727,296	78,643	57,359
Charges for service	2,268,378	--	--
Special assessments	13,093	--	--
Miscellaneous	861,346	114,256	184,000
Total receipts	<u>8,332,666</u>	<u>2,827,086</u>	<u>2,271,245</u>
Disbursements:			
Operating:			
Public safety	4,014,526	2,448,171	--
Public works	1,122,586	181,218	--
Culture and recreation	1,500,425	518,758	--
Community and economic development	719,035	101,522	14,322
General government	1,006,982	160,233	--
Debt service	--	--	--
Capital projects	--	--	--
Total disbursements	<u>8,363,554</u>	<u>3,409,902</u>	<u>14,322</u>
Excess (deficiency) of receipts over (under) disbursements	(30,888)	(582,816)	2,256,923
Other financing sources (uses):			
Debt proceeds	--	--	--
Bonds issued for refunding debt	--	--	--
Payment for refunding debt	--	--	--
Proceeds from sale of assets	41,871	--	250,000
Transfers in	777,136	622,911	--
Transfers out	--	--	(2,563,293)
Total other financing sources (uses)	<u>819,007</u>	<u>622,911</u>	<u>(2,313,293)</u>
Change in cash balances	788,119	40,095	(56,370)
Cash balances beginning of year	<u>2,023,352</u>	<u>155,340</u>	<u>(118,399)</u>
Cash balances end of year	<u>\$ 2,811,471</u>	<u>\$ 195,435</u>	<u>\$ (174,769)</u>

(continued next page)

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 1,106,201	\$ --	\$ 17,035	\$ 7,416,512
--	--	--	2,027,592
23,972	--	1,565,459	2,030,278
--	--	--	247,113
5,597	85,207	4,372	212,974
32,667	489,234	1,962,242	3,347,441
--	--	--	2,268,378
--	--	--	13,093
25,496	17,373	103,372	1,305,843
<u>1,193,933</u>	<u>591,814</u>	<u>3,652,480</u>	<u>18,869,224</u>
--	--	618,181	7,080,878
--	--	2,288,811	3,592,615
--	--	379,367	2,398,550
--	--	122,294	957,173
--	--	39,887	1,207,102
3,943,699	--	--	3,943,699
--	6,634,097	--	6,634,097
<u>3,943,699</u>	<u>6,634,097</u>	<u>3,448,540</u>	<u>25,814,114</u>
(2,749,766)	(6,042,283)	203,940	(6,944,890)
105,776	3,577,224	--	3,683,000
1,995,000	--	--	1,995,000
(1,928,000)	--	--	(1,928,000)
--	10,210	10,260	312,341
2,351,576	492,718	--	4,244,341
--	(491,718)	(673,411)	(3,728,422)
<u>2,524,352</u>	<u>3,588,434</u>	<u>(663,151)</u>	<u>4,578,260</u>
(225,414)	(2,453,849)	(459,211)	(2,366,630)
<u>351,584</u>	<u>7,020,233</u>	<u>2,000,331</u>	<u>11,432,441</u>
<u>\$ 126,170</u>	<u>\$ 4,566,384</u>	<u>\$ 1,541,120</u>	<u>\$ 9,065,811</u>

CITY OF NEWTON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS - Continued

As of and for the year ended June 30, 2020

		<u>Special Revenue</u>	
	<u>General</u>	<u>Employee Benefits</u>	<u>Urban Renewal Tax Increment</u>
Cash Basis Fund Balances			
Nonspendable:			
Cemetery perpetual care	\$ --	\$ --	\$ --
Park endowment	--	--	--
Restricted for:			
Streets	--	--	--
Urban renewal purpose	--	--	(174,769)
Housing initiative	--	--	--
Capital projects	--	--	--
Debt service	--	--	--
Other purposes	--	195,435	--
Assigned for:			
Library reserve	605,049	--	--
Other purposes	18,899	--	--
Unassigned	<u>2,187,523</u>	<u>--</u>	<u>--</u>
Total cash basis fund balances	<u>\$ 2,811,471</u>	<u>\$ 195,435</u>	<u>\$ (174,769)</u>

The accompanying notes are an integral part of these statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ --	\$ --	\$ 349,755	\$ 349,755
--	--	233,320	233,320
--	--	602,532	602,532
--	--	--	(174,769)
--	--	279,648	279,648
--	4,566,384	--	4,566,384
126,170	--	--	126,170
--	--	75,865	271,300
--	--	--	605,049
--	--	--	18,899
--	--	--	2,187,523
<u>\$ 126,170</u>	<u>\$ 4,566,384</u>	<u>\$ 1,541,120</u>	<u>\$ 9,065,811</u>

CITY OF NEWTON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS

As of and for the year ended June 30, 2020

	Enterprise	
	Sewer	Landfill
Operating receipts:		
Charges for service	\$ 2,976,127	\$ 2,002,724
Total operating receipts	<u>2,976,127</u>	<u>2,002,724</u>
Operating disbursements:		
Business type activities	<u>1,651,038</u>	<u>856,898</u>
Total operating disbursements	<u>1,651,038</u>	<u>856,898</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	1,325,089	1,145,826
Non-operating receipts (disbursements):		
Interest on investments	13,224	117,893
Miscellaneous	26,288	69,984
Rent	--	29,710
Proceeds from sale of assets	--	505
Debt service	(339,235)	--
Capital projects	(350,395)	(192,278)
Net non-operating receipts (disbursements)	<u>(650,118)</u>	<u>25,814</u>
Excess (deficiency) of receipts over (under) disbursements	674,971	1,171,640
Transfers in	491,718	--
Transfers out	(807,637)	(200,000)
Total transfers in (out)	<u>(315,919)</u>	<u>(200,000)</u>
Change in cash balances	359,052	971,640
Cash balances beginning of year	<u>746,961</u>	<u>7,854,492</u>
Cash balances end of year	<u>\$ 1,106,013</u>	<u>\$ 8,826,132</u>
Cash Basis Fund Balances		
Restricted for:		
Debt service	\$ 27,795	\$ --
Waste reduction	--	155,628
Closure and postclosure care	--	2,461,956
Unrestricted	<u>1,078,218</u>	<u>6,208,548</u>
Total cash basis fund balances	<u>\$ 1,106,013</u>	<u>\$ 8,826,132</u>

The accompanying notes are an integral part of these statements.

Enterprise	
<u>Nonmajor-Golf</u>	<u>Total</u>
\$ 280,463	\$ 5,259,314
280,463	5,259,314
473,340	2,981,276
473,340	2,981,276
(192,877)	2,278,038
--	131,117
120,104	216,376
--	29,710
450	955
--	(339,235)
(23,993)	(566,666)
96,561	(527,743)
(96,316)	1,750,295
--	491,718
--	(1,007,637)
--	(515,919)
(96,316)	1,234,376
(248,086)	8,353,367
<u>\$(344,402)</u>	<u>\$ 9,587,743</u>
\$ --	\$ 27,795
--	155,628
--	2,461,956
(344,402)	6,942,364
<u>\$(344,402)</u>	<u>\$ 9,587,743</u>

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Newton is a political subdivision of the State of Iowa located in Jasper County. It was first incorporated in 1857 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 provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development and general government services. In addition to general government activities, the municipality owns and operates enterprises for sewer services, a regional landfill and a golf course.

A. Reporting Entity

For financial reporting purposes, the City of Newton 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.

Excluded Component Units

These financial statements present the City of Newton (the primary government). The financial statements do not include financial data for the Newton Municipal Waterworks, Newton Public Library Foundation and Friends of the Newton Public Library, legally separate entities which should be reported as discretely presented component units.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Mid-Iowa Narcotics Enforcement, Jasper County Joint E911 Service Board, Jasper County Assessor's Conference Board and Jasper County Emergency Management Commission.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation

Government-wide Financial Statement

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

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

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Funds.

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

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

Fund Financial Statements

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City reports the following major governmental funds:

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

Special Revenue:

The Employee Benefits Fund is used to account for the employee benefit property tax levy for the payment of employment benefits.

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

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

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

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

The Enterprise, Landfill Fund accounts for the operation and maintenance of the Newton Sanitary Landfill.

C. Measurement Focus and Basis of Accounting

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

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

D. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the City Council in March 2019.

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

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - CASH AND POOLED INVESTMENTS - Continued

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

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

NOTE 3 - BONDS AND NOTES PAYABLE

A summary of changes in bonds and notes payable for the year ended June 30, 2020 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation					
Bonds/Notes	<u>\$ 30,405,000</u>	<u>\$ 5,678,000</u>	<u>\$ 4,956,526</u>	<u>\$ 31,126,474</u>	<u>\$ 3,155,254</u>
Governmental Activities					
Total	<u>\$ 30,405,000</u>	<u>\$ 5,678,000</u>	<u>\$ 4,956,526</u>	<u>\$ 31,126,474</u>	<u>\$ 3,155,254</u>
Business Type Activities:					
Sewer Revenue Notes	<u>\$ 2,078,000</u>	<u>\$ --</u>	<u>\$ 294,000</u>	<u>\$ 1,784,000</u>	<u>\$ 302,000</u>
Business Type Activities					
Total	<u>\$ 2,078,000</u>	<u>\$ --</u>	<u>\$ 294,000</u>	<u>\$ 1,784,000</u>	<u>\$ 302,000</u>

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

Annual debt service requirements to maturity for general obligation bonds and notes and revenue notes are as follows:

Year Ending June 30,	General Obligation Notes & Bonds		Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 3,155,254	\$ 854,073	\$ 302,000	\$ 34,607	\$ 3,457,254	\$ 888,680
2022	3,204,467	780,358	312,000	29,035	3,516,467	809,393
2023	3,299,683	704,374	323,000	23,275	3,622,683	727,649
2024	3,322,900	630,746	180,000	17,310	3,502,900	648,056
2025	3,352,120	552,501	186,000	13,835	3,538,120	566,336
2026 - 2030	7,520,968	1,831,299	481,000	22,218	8,001,968	1,853,517
2031 - 2035	4,988,797	856,799	--	--	4,988,797	856,799
2036 - 2039	2,282,285	175,944	--	--	2,282,285	175,944
	<u>\$ 31,126,474</u>	<u>\$6,386,094</u>	<u>\$1,784,000</u>	<u>\$ 140,280</u>	<u>\$ 32,910,474</u>	<u>\$6,526,374</u>

General Obligation Notes/Bonds

On June 27, 2012, the City issued \$9,385,000 of general obligation bonds with interest rates ranging from 1.00% to 2.25% per annum. The bonds were issued for refunding prior general obligation bonds and for urban renewal projects. During the year ended June 30, 2020, the City paid \$845,000 of principal and \$99,620 of interest on the bonds. The bonds mature in fiscal year 2025.

On June 18, 2014, the City issued \$4,330,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 2.90% per annum. The bonds were issued for refunding prior general obligation bonds, urban renewal projects and for the Housing Initiative Program. During the year ended June 30, 2020, the City paid \$655,000 of principal and \$41,375 of interest on the bonds. The bonds mature in fiscal year 2023.

On June 18, 2014, the City issued \$2,525,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 2.15% per annum. The bonds were issued for refunding prior general obligation bonds, urban renewal projects and other general improvement projects. During the year ended June 30, 2020, the City paid \$155,000 of principal and \$31,753 of interest on the bonds. The bonds mature in fiscal year 2024.

On June 30, 2015, the City issued \$4,790,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 2.95% per annum. The bonds were issued for urban renewal projects and housing initiative projects. During the year ended June 30, 2020 the City paid \$540,000 of principal and \$85,925 of interest on the bonds. The bonds mature in fiscal year 2025.

On June 30, 2015, the City issued \$4,705,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 3.00% per annum. The bonds were issued for urban renewal projects, equipment purchases, street, sanitary sewer system, sidewalk improvements and traffic control improvements. During the year ended June 30, 2020, the city paid \$430,000 of principal and \$80,087 of interest on the bonds. The bonds mature in fiscal year 2026.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

On August 22, 2017, the City issued \$1,448,000 of general obligation urban renewal bonds with an interest rate of 3.10%. The bonds were issued for street, sanitary sewer system, storm water drainage, sidewalk improvements, installation of public emergency sirens, equipment purchases and funding for the Newton Housing Initiative Program. During the year ended June 30, 2020, the City paid \$48,000 of principal and \$42,842 of interest on the bonds. The bonds mature in fiscal year 2028.

On August 22, 2017, the City issued \$1,632,000 of general obligation urban renewal bonds with an interest rate of 2.10%. The bonds were issued for street, sanitary sewer system, storm water drainage, sidewalk improvements, installation of public emergency sirens, equipment purchases and funding for the Newton Housing Initiative Program. During the year ended June 30, 2020, the City paid \$29,000 of principal and \$33,915 of interest on the bonds. The bonds mature in fiscal year 2028.

On December 6, 2017, the City issued \$2,388,000 of general obligation urban renewal bonds with an interest rate of 3.42%. The bonds were issued for urban renewal projects, street improvements and downtown funding for development projects. During the year ended June 30, 2020, the City paid \$141,000 of principal and \$77,053 of interest on the bonds. The bonds mature in fiscal year 2032.

On May 24, 2018, the City issued \$450,000 of general obligation housing development notes with an interest rate of 1.00%. The notes were issued to provide a flexible program of financial assistance in the form of low-interest loans to provide workforce housing in needed areas. During the year ended June 30, 2020, the City paid \$20,526 of principal and \$4,969 of interest on the notes. The notes mature in fiscal year 2039.

On April 16, 2019, the City issued \$4,310,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 4.00% per annum. The bonds were issued for sanitary sewer system, storm water drainage, sidewalk, airport, parks, city hall, library, fire station, golf course, Maytag pool, parking lot and traffic control improvements, acquisition of abandoned properties, equipment purchases and the gas plant project. During the year ended June 30, 2020, the City paid \$100,000 of principal and \$167,217 of interest on the bonds. The bonds mature in fiscal year 2038.

On April 16, 2019, the City issued \$3,095,000 of general obligation urban renewal bonds with interest rates ranging from 2.85% to 3.60% per annum. The bonds were issued for urban renewal projects, sanitary sewer system, storm water drainage, sidewalk, airport, parks, city hall, library, fire station, golf course, Maytag pool, parking lot and traffic control improvements, acquisition of abandoned properties, equipment purchases and the gas plant project. During the year ended June 30, 2020 the City paid \$0 of principal and \$114,860 of interest on the bonds. The bonds mature in fiscal year 2034.

On November 7, 2019, the City issued \$1,995,000 of general obligation bonds with interest rates ranging from 1.85% to 3.13% per annum. The bonds were issued for refunding prior general obligation bonds. During the year ended June 30, 2020, the City paid \$65,000 of principal and \$27,576 of interest on the bonds. The bonds mature in fiscal year 2038.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

On April 6, 2020, the City issued \$2,340,000 of general obligation bonds with an interest rate of 3.00%. The bonds were issued for urban renewal projects, equipment purchases, sidewalk improvements and refunding prior callable general obligation bonds. During the year ended June 30, 2020, the City paid \$0 of principal and \$0 of interest on the bonds. The bonds mature in fiscal year 2039.

On April 6, 2020, the City issued \$1,230,000 of general obligation bonds with interest rates ranging from 2.61% to 3.55% per annum. The bonds were issued for paying the cost of acquiring, demolishing, and/or restoring dangerous, dilapidated and/or abandoned properties. During the year ended June 30, 2020, the City paid \$0 of principal and \$0 of interest on the bonds. The bonds mature in fiscal year 2039.

Revenue Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2,261,000 of sewer revenue notes issued in April 2002, \$2,561,000 issued in April 2007 and \$548,000 issued in January 2010. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes carry an interest rate of 1.75%, 1.75% and 3.00%, respectively and are payable solely from sewer customer net receipts and are payable through 2023, 2027 and 2030, respectively. Annual principal and interest payments on the notes required approximately 25% of net receipts during the year. The total principal and interest remaining to be paid on the notes is \$1,924,280. For the current year, principal and interest paid and total customer net receipts were \$334,040 and \$1,325,089, respectively.

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

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a sewer revenue note sinking account within the Enterprise, Sewer Fund for the purpose of making the note principal and interest payments when due.
- (c) User rates shall be established and charged to customers of the utility, including the City, to produce and maintain net receipts at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

NOTE 4 - IPERS PENSION PLAN

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

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

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

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

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

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

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

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

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.61% of covered payroll and the City contributed 9.91% of covered payroll, for a total rate of 16.52%.

The City's contributions to IPERS for the year ended June 30, 2020 totaled \$390,986.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$3,023,073 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the City's proportion was 0.064541%, which was an increase of 0.001790% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$563,202, \$482,062 and \$601,054 respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100%</u>	

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

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% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 5,405,017	\$ 3,023,073	\$ 1,025,170

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

NOTE 5 - MFPRSI PENSION PLAN

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

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

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

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen, plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

Active members at least 55 years of age with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. When electing to participate in DROP, the member signs a contract stating the member will retire at the end of the selected DROP period. During the DROP period, the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability benefits may be either accidental or ordinary. Accidental disability is defined as a permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation for those with 5 or more years of service or the member's service retirement benefit calculation amount and 25% of average final compensation for those with less than 5 years of service.

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

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

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2020.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 24.41% for the year ended June 30, 2020.

The City's contributions to MFPRSI for the year ended June 30, 2020 totaled \$801,647.

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

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2020.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$6,463,756 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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 MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2019, the City's proportion was 0.985439% which was a decrease of 0.079694% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$1,377,143, \$1,291,683, and \$477,060 respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 through June 30, 2017.

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap	5.5%
Small Cap	5.8%
International Large Cap	7.3%
Emerging Markets	9.0%
Emerging Markets Debt	6.3%
Private Non-Core Real Estate	8.0%
Master Limited Partnerships	9.0%
Private Equity	9.0%
Core Plus Fixed Income	3.3%
Private Core Real Estate	6.0%
Tactical Asset Allocation	6.4%

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net pension liability	\$ 10,524,128	\$ 6,463,756	\$ 3,100,973

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

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2020, the City contributed \$2,366,999 and plan members eligible for benefits contributed \$144,297 to the plan. At June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	123
Total	126

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 - COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensatory time and vacation payable to employees at June 30, 2020, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 758,000
Compensatory time	<u>28,000</u>
Total	<u>\$ 786,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2020.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Road Use Tax	\$ 50,500
	Urban Renewal Tax Increment	326,636
	Enterprise:	
	Sewer	200,000
	Landfill	200,000
		<u>777,136</u>
Special Revenue:	Special Revenue:	
Employee Benefits	Self Insurance	75,000
	Local Option Sales Tax	547,911
		<u>622,911</u>
Capital Projects	Special Revenue:	
	Urban Renewal Tax Increment	1,000
	Enterprise:	
	Sewer	491,718
		<u>492,718</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	2,235,657
	Enterprise:	
	Sewer	115,919
		<u>2,351,576</u>
Enterprise:	Capital Projects	
Sewer		<u>491,718</u>
Total		<u>\$ 4,736,059</u>

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - CLOSURE AND POSTCLOSURE CARE AND FINANCIAL ASSURANCE

To comply with federal and state regulations, the City is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills which receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that year. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology or applicable laws or regulations.

These costs for the City have been estimated at \$4,345,080 for closure and \$1,716,000 for postclosure, for a total of \$6,061,080 as of June 30, 2020. The estimated remaining life of the landfill is 135 years, with approximately 46% of the landfill's capacity used at June 30, 2020.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The City has begun to accumulate resources to fund these costs and, at June 30, 2020, assets of \$2,461,956 are restricted for these purposes. They are reported as restricted cash basis fund balance in the Enterprise, Landfill fund in the Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Proprietary Funds.

Also, pursuant to Chapter 567-113.14 of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the City is required to demonstrate financial assurance for the unfunded costs. The City has adopted the local government financial test financial assurance mechanism. Under this mechanism, the City must certify the following to the Iowa Department of Natural Resources:

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - CLOSURE AND POSTCLOSURE CARE AND FINANCIAL ASSURANCE -
Continued

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number of years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the City is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

NOTE 10 - SOLID WASTE TONNAGE FEES RETAINED

The City has established an account for restricting and using solid waste tonnage fees retained by the City in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2020, the City had unspent tonnage fees of \$155,628.

NOTE 11 - RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 11 - RISK MANAGEMENT - Continued

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

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2020 were \$196,862.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The City also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation and for the Newton Municipal Airport for liability insurance in the amount of \$1,000,000 and \$5,000,000, respectively. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 - DEVELOPMENT AGREEMENTS

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

The total amount rebated during the year ended June 30, 2020 was \$14,322. The estimated outstanding balance of the agreements at June 30, 2020 is \$2,087,644.

These agreements are not a general obligation of the City. However, the agreements are subject to the constitutional debt limitation of the City, except for the amounts which require an annual appropriation by the City Council. The amount of the development agreements subject to the constitutional debt limit at June 30, 2020 is \$ - 0 - .

NOTE 13 - CONSTRUCTION COMMITMENTS

The City has entered into construction contracts totaling approximately \$10,597,000 for street, sidewalk, trail, airport, sanitary sewer, landfill and sewer improvements. As of June 30, 2020, approximately \$7,131,000 had been paid on the contracts. The remaining \$3,466,000 will be paid from existing funds as work on the projects progresses.

NOTE 14 - DEFICIT BALANCES

The City had deficit balances at June 30, 2020, as follows:

<u>Fund</u>	<u>Amount</u>
Special Revenue:	
Speedway/Prairie Fire TIF	\$ 400,643
Enterprise:	
Golf	344,402

The deficit balances are the result of costs incurred prior to availability of funds. The deficit in the Enterprise, Golf Fund will be eliminated through future receipts. The deficits in the Special Revenue, Speedway/Prairie Fire TIF fund will be eliminated through future tax increment financing collections.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 15 - TAX ABATEMENTS

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

City Tax Abatements

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

For the year ended June 30, 2020, \$5,868 of property tax was diverted from the City under the urban renewal and economic development agreements.

NOTE 16 - DEFEASANCE OF DEBT

On November 7, 2019, the City issued \$1,995,000 of general obligation refunding bonds with an interest rate ranging from 1.85% to 3.13% per annum to current refund \$1,928,000 of general obligation urban renewal bonds dated March 19, 2018 with an average interest rate of 4.08%. The net proceeds of \$1,952,584 (after a bond discount of \$21,945, an original issue discount of \$5,696, and other issuance costs) were used to refund the debt. The refunding was undertaken to reduce total debt service payments over the next 18 years by \$98,131 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$141,311.

NOTE 17 - SUBSEQUENT EVENTS

The City has evaluated all subsequent events through January 8, 2021, the date the financial statements were available to be issued.

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OTHER INFORMATION

CITY OF NEWTON, IOWA
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL
FUNDS AND PROPRIETARY FUNDS
OTHER INFORMATION

Year ended June 30, 2020

	<u>Cash Basis</u>		<u>(Unaudited)</u> <u>GAAP Basis</u> <u>Component Unit</u> Newton Municipal Waterworks Actual
	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	
Receipts:			
Property tax	\$ 7,416,512	\$ --	\$ --
Tax increment financing	2,027,592	--	--
Other city tax	2,030,278	--	--
Licenses and permits	247,113	--	--
Use of money and property	212,974	160,827	--
Intergovernmental	3,347,441	--	--
Charges for service	2,268,378	5,259,314	3,637,152
Special assessments	13,093	--	--
Miscellaneous	1,305,843	216,376	--
Total receipts	<u>18,869,224</u>	<u>5,636,517</u>	<u>3,637,152</u>
Disbursements:			
Public safety	7,080,878	--	--
Public works	3,592,615	--	--
Culture and recreation	2,398,550	--	--
Community and economic development	957,173	--	--
General government	1,207,102	--	--
Debt service	3,943,699	--	--
Capital projects	6,634,097	--	--
Business type activities	--	3,887,177	3,249,237
Total disbursements	<u>25,814,114</u>	<u>3,887,177</u>	<u>3,249,237</u>
Excess (deficiency) of receipts over (under) disbursements	(6,944,890)	1,749,340	387,915
Other financing sources (uses), net	<u>4,578,260</u>	<u>(514,964)</u>	<u>--</u>
Change in fund balances	(2,366,630)	1,234,376	387,915
Balances beginning of year	<u>11,432,441</u>	<u>8,353,367</u>	<u>6,084,911</u>
Balances end of year	<u>\$ 9,065,811</u>	<u>\$ 9,587,743</u>	<u>\$ 6,472,826</u>

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
\$ 7,416,512	\$ 7,510,478	\$ 7,510,478	\$ (93,966)
2,027,592	2,088,844	2,088,844	(61,252)
2,030,278	2,018,549	2,018,549	11,729
247,113	357,650	357,650	(110,537)
373,801	278,810	278,810	94,991
3,347,441	3,303,293	3,305,218	42,223
11,164,844	10,229,155	10,229,155	935,689
13,093	21,500	21,500	(8,407)
1,522,219	1,141,694	1,730,526	(208,307)
<u>28,142,893</u>	<u>26,949,973</u>	<u>27,540,730</u>	<u>602,163</u>
7,080,878	7,245,266	7,360,266	279,388
3,592,615	3,199,896	3,849,896	257,281
2,398,550	2,652,872	2,656,216	257,666
957,173	1,005,042	1,137,042	179,869
1,207,102	1,218,428	1,253,428	46,326
3,943,699	3,860,998	6,360,998	2,417,299
6,634,097	7,787,200	9,487,200	2,853,103
7,136,414	7,344,274	7,544,274	407,860
<u>32,950,528</u>	<u>34,313,976</u>	<u>39,649,320</u>	<u>6,698,792</u>
(4,807,635)	(7,364,003)	(12,108,590)	7,300,955
<u>4,063,296</u>	<u>7,813,977</u>	<u>9,813,977</u>	<u>(5,750,681)</u>
(744,339)	449,974	(2,294,613)	1,550,274
<u>25,870,719</u>	<u>18,583,853</u>	<u>18,583,853</u>	<u>7,286,866</u>
<u>\$ 25,126,380</u>	<u>\$ 19,033,827</u>	<u>\$ 16,289,240</u>	<u>\$ 8,837,140</u>

CITY OF NEWTON, IOWA
NOTES TO OTHER INFORMATION -
BUDGETARY REPORTING

June 30, 2020

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis, except as noted below, following required public notice and hearing for all funds. The City's budget includes the Newton Municipal Waterworks, a component unit, not included in the City's financial statements because it uses a financial reporting framework which differs from the framework used by the City. Newton Municipal Waterworks budgets on the GAAP basis. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements/expenses known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements/expenses required to be budgeted include disbursements/expenses for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Permanent Funds, and Enterprise Funds. Although the budget document presents function disbursements/expenses by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements/expenses by \$5,335,344. The budget amendment is reflected in the final budgeted amounts.

CITY OF NEWTON, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST SIX YEARS*

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.064541%	0.062751%
City's proportionate share of the net pension liability	\$ 3,023,000	\$ 3,221,000
City's covered payroll	\$ 4,042,000	\$ 3,778,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	74.79%	85.26%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%

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

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.064586%	0.066760%	0.066986%	0.068103%
\$ 3,452,000	\$ 3,427,000	\$ 2,703,000	\$ 2,195,000
\$ 3,988,000	\$ 3,968,000	\$ 3,790,000	\$ 3,606,000
86.56%	86.37%	71.32%	60.87%
82.21%	81.82%	85.19%	87.61%

CITY OF NEWTON, IOWA
SCHEDULE OF CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 391,000	\$ 382,000	\$ 338,000	\$ 357,000
Contributions in relation to the statutorily required contribution	<u>(391,000)</u>	<u>(382,000)</u>	<u>(338,000)</u>	<u>(357,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 4,139,000	\$ 4,042,000	\$ 3,778,000	\$ 3,988,000
Contributions as a percentage of covered payroll	9.45%	9.45%	8.95%	8.95%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 355,000	\$ 339,000	\$ 322,000	\$ 305,000	\$ 280,000	\$ 237,000
<u>(355,000)</u>	<u>(339,000)</u>	<u>(322,000)</u>	<u>(305,000)</u>	<u>(280,000)</u>	<u>(237,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 3,968,000	\$ 3,790,000	\$ 3,606,000	\$ 3,520,000	\$ 3,470,000	\$ 3,410,000
8.95%	8.93%	8.93%	8.67%	8.07%	6.95%

CITY OF NEWTON, IOWA
NOTES TO OTHER INFORMATION - IPERS PENSION LIABILITY
YEAR ENDED JUNE 30, 2020

Changes of benefit terms:

There are no significant changes of benefit terms.

Changes of assumptions:

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

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

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

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

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

* * *

See accompanying independent auditor's report.

CITY OF NEWTON, IOWA
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
 FOR THE LAST SIX YEARS*

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.985439%	1.065133%
City's proportionate share of the net pension liability	\$ 6,464,000	\$ 6,342,000
City's covered payroll	\$ 2,982,000	\$ 3,096,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	216.77%	204.84%
MFPRSI's net position as a percentage of the total pension liability	79.94%	81.07%

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

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
1.059213%	1.064467%	1.090944%	1.065256%
\$ 6,212,000	\$ 6,656,000	\$ 5,125,000	\$ 3,862,000
\$ 3,000,000	\$ 2,885,000	\$ 2,861,000	\$ 2,815,000
207.07%	230.73%	179.13%	137.19%
80.60%	78.20%	83.04%	86.27%

CITY OF NEWTON, IOWA
SCHEDULE OF CITY CONTRIBUTIONS
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
FOR THE LAST TEN YEARS

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 802,000	\$ 776,000	\$ 795,000	\$ 778,000
Contributions in relation to the statutorily required contribution	<u>(802,000)</u>	<u>(776,000)</u>	<u>(795,000)</u>	<u>(778,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 3,284,000	\$ 2,982,000	\$ 3,096,000	\$ 3,000,000
Contributions as a percentage of covered payroll	24.42%	26.02%	25.68%	25.92%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 801,000	\$ 870,000	\$ 848,000	\$ 738,000	\$ 700,000	\$ 511,000
<u>(801,000)</u>	<u>(870,000)</u>	<u>(848,000)</u>	<u>(738,000)</u>	<u>(700,000)</u>	<u>(511,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 2,885,000	\$ 2,861,000	\$ 2,815,000	\$ 2,825,000	\$ 2,827,000	\$ 2,570,000
27.76%	30.41%	30.12%	26.12%	24.76%	19.90%

CITY OF NEWTON, IOWA
NOTES TO OTHER INFORMATION - MFPRSI PENSION LIABILITY
YEAR ENDED JUNE 30, 2020

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

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

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

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

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

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

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

CITY OF NEWTON, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2020

	Special Revenue			
	Road Use Tax	Self Insurance	Housing Initiative	Local Option Sales Tax
Receipts:				
Property tax	\$ --	\$ --	\$ --	\$ --
Other city tax	--	--	--	1,565,459
Use of money and property	--	--	4,338	--
Intergovernmental	1,960,724	--	--	--
Miscellaneous	--	54,404	48,603	--
Total receipts	<u>1,960,724</u>	<u>54,404</u>	<u>52,941</u>	<u>1,565,459</u>
Disbursements:				
Operating:				
Public safety	--	--	--	618,181
Public works	2,268,811	--	--	20,000
Culture and recreation	--	--	--	379,367
Community and economic development	31,778	--	79,123	--
General government	--	39,887	--	--
Total disbursements	<u>2,300,589</u>	<u>39,887</u>	<u>79,123</u>	<u>1,017,548</u>
Excess (deficiency) of receipts over (under) disbursements	(339,865)	14,517	(26,182)	547,911
Other financing sources (uses):				
Proceeds from sale of assets	--	--	2,700	--
Transfers out	(50,500)	(75,000)	--	(547,911)
Total other financing sources (uses)	<u>(50,500)</u>	<u>(75,000)</u>	<u>2,700</u>	<u>(547,911)</u>
Change in cash balances	(390,365)	(60,483)	(23,482)	--
Cash balances beginning of year	<u>992,897</u>	<u>111,533</u>	<u>303,130</u>	<u>--</u>
Cash balances end of year	<u>\$ 602,532</u>	<u>\$ 51,050</u>	<u>\$ 279,648</u>	<u>\$ --</u>

(continued next page)

Special Revenue		Permanent				
Self Supported Municipal Improvement District	Hometown Rewards	Cemetery Perpetual Care	Memorial Garden	Fred Maytag Park Endowment	Total	
\$ 17,035	\$ --	\$ --	\$ --	\$ --	\$ 17,035	
--	--	--	--	--	1,565,459	
34	--	--	--	--	4,372	
1,518	--	--	--	--	1,962,242	
365	--	--	--	--	103,372	
<u>18,952</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,652,480</u>	
--	--	--	--	--	618,181	
--	--	--	--	--	2,288,811	
--	--	--	--	--	379,367	
11,393	--	--	--	--	122,294	
--	--	--	--	--	39,887	
<u>11,393</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,448,540</u>	
7,559	--	--	--	--	203,940	
--	--	7,560	--	--	10,260	
--	--	--	--	--	(673,411)	
--	--	7,560	--	--	(663,151)	
7,559	--	7,560	--	--	(459,211)	
<u>6,112</u>	<u>11,144</u>	<u>292,625</u>	<u>49,570</u>	<u>233,320</u>	<u>2,000,331</u>	
<u>\$ 13,671</u>	<u>\$ 11,144</u>	<u>\$ 300,185</u>	<u>\$ 49,570</u>	<u>\$ 233,320</u>	<u>\$ 1,541,120</u>	

CITY OF NEWTON, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2020

<u>Special Revenue</u>				
	<u>Road Use Tax</u>	<u>Self Insurance</u>	<u>Housing Initiative</u>	<u>Local Option Sales Tax</u>
Cash Basis Fund Balances				
Nonspendable:				
Cemetery perpetual care	\$ --	\$ --	\$ --	\$ --
Park endowment	--	--	--	--
Restricted for:				
Streets	602,532	--	--	--
Housing initiative	--	--	279,648	--
Other purposes	<u> --</u>	<u> 51,050</u>	<u> --</u>	<u> --</u>
Total cash basis fund balance	<u>\$ 602,532</u>	<u>\$ 51,050</u>	<u>\$ 279,648</u>	<u>\$ --</u>

See accompanying independent auditor's report.

<u>Special Revenue</u>		<u>Permanent</u>			<u>Total</u>
<u>Self Supported Municipal Improvement District</u>	<u>Hometown Rewards</u>	<u>Cemetery Perpetual Care</u>	<u>Memorial Garden</u>	<u>Fred Maytag Park Endowment</u>	
\$ --	\$ --	\$ 300,185	\$ 49,570	\$ --	\$ 349,755
--	--	--	--	233,320	233,320
--	--	--	--	--	602,532
--	--	--	--	--	279,648
<u>13,671</u>	<u>11,144</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>75,865</u>
<u>\$ 13,671</u>	<u>\$ 11,144</u>	<u>\$ 300,185</u>	<u>\$ 49,570</u>	<u>\$ 233,320</u>	<u>\$ 1,541,120</u>

CITY OF NEWTON, IOWA
SCHEDULE OF INDEBTEDNESS
Year ended June 30, 2020

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General Obligation Notes and Bonds:			
2012 G.O. Corporate Refunding Bonds	June 27, 2012	1.00 - 2.25%	\$ 9,385,000
2014A G.O. Urban Renewal Bonds	June 18, 2014	2.00 - 2.90%	4,330,000
2014B G.O. Urban Renewal Bonds	June 18, 2014	2.00 - 2.15%	2,525,000
2015A G.O. Urban Renewal Bonds	June 30, 2015	2.00 - 2.95%	4,790,000
2015B G.O. Urban Renewal Bonds	June 30, 2015	2.00 - 3.00%	4,705,000
2017A G.O. Urban Renewal Bonds	August 22, 2017	3.10%	1,448,000
2017B G.O. Urban Renewal Bonds	August 22, 2017	2.10%	1,632,000
2017C G.O. Urban Renewal Bonds	December 6, 2017	3.42%	2,388,000
2018A G.O. Urban Renewal Bonds	March 19, 2018	4.08%	1,971,000
2018 Housing Development Loan	May 24, 2018	1.00%	450,000
2019A G.O. Urban Renewal Bonds	April 16, 2019	2.00 - 4.00%	4,310,000
2019B G.O. Urban Renewal Bonds	April 16, 2019	2.85 - 3.60%	3,095,000
2019C G.O. Refunding Bonds	November 7, 2019	1.85 - 3.13%	1,995,000
2020A G.O. Corporate Purpose Bonds	April 6, 2020	3.00%	2,340,000
2020B G.O. Corporate Purpose Bonds	April 6, 2020	2.61 - 3.55%	1,230,000
Total General Obligation Notes and Bonds			
Revenue Notes:			
2002 Sewer Revenue Capital Loan	April 3, 2002	1.75%	2,261,000
2007 Sewer Revenue Capital Loan	April 5, 2007	1.75%	2,561,000
2010 Sewer Revenue Capital Loan	January 13, 2010	3.00%	548,000
Total Revenue Notes			

See accompanying independent auditor's report.

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
\$ 5,290,000	\$ --	\$ 845,000	\$ 4,445,000	\$ 99,620
1,715,000	--	655,000	1,060,000	41,375
1,540,000	--	155,000	1,385,000	31,753
3,430,000	--	540,000	2,890,000	85,925
3,510,000	--	430,000	3,080,000	80,087
1,382,000	--	48,000	1,334,000	42,842
1,615,000	--	29,000	1,586,000	33,915
2,253,000	--	141,000	2,112,000	77,053
1,928,000	--	1,928,000	--	34,088
337,000	113,000	20,526	429,474	4,969
4,310,000	--	100,000	4,210,000	167,217
3,095,000	--	--	3,095,000	114,860
--	1,995,000	65,000	1,930,000	27,576
--	2,340,000	--	2,340,000	--
--	1,230,000	--	1,230,000	--
<u>\$30,405,000</u>	<u>\$5,678,000</u>	<u>\$4,956,526</u>	<u>\$ 31,126,474</u>	<u>\$ 841,280</u>
\$ 565,000	\$ --	\$ 135,000	\$ 430,000	\$ 9,887
1,219,000	--	136,000	1,083,000	21,333
294,000	--	23,000	271,000	8,820
<u>\$ 2,078,000</u>	<u>\$ --</u>	<u>\$ 294,000</u>	<u>\$ 1,784,000</u>	<u>\$ 40,040</u>

CITY OF NEWTON, IOWA
BOND AND NOTE MATURITIES
June 30, 2020

Year ending June 30,	General Obligation Bonds and Notes			
	2012 Corporate Refunding Bonds		2014A Urban Renewal Bonds	
	Issued June 27, 2012		Issued June 18, 2014	
	Interest Rates	Amount	Interest Rates	Amount
2021	1.65%	\$ 860,000	2.45%	\$ 480,000
2022	1.80%	870,000	2.70%	480,000
2023	2.00%	885,000	2.90%	100,000
2024	2.00%	905,000		--
2025	2.25%	925,000		--
2026		--		--
2027		--		--
2028		--		--
		<u>\$4,445,000</u>		<u>\$1,060,000</u>

Year ending June 30,	General Obligation Bonds and Notes			
	2017B Urban Renewal Bonds		2017C Urban Renewal Bonds	
	Issued August 22, 2017		Issued December 6, 2017	
	Interest Rates	Amount	Interest Rates	Amount
2021	2.10%	\$ 105,000	3.42%	\$ 145,000
2022	2.10%	104,000	3.42%	150,000
2023	2.10%	153,000	3.42%	157,000
2024	2.10%	157,000	3.42%	161,000
2025	2.10%	162,000	3.42%	165,000
2026	2.10%	166,000	3.42%	172,000
2027	2.10%	397,000	3.42%	178,000
2028	2.10%	342,000	3.42%	184,000
2029		--	3.42%	190,000
2030		--	3.42%	196,000
2031		--	3.42%	204,000
2032		--	3.42%	210,000
2033		--		--
2034		--		--
2035		--		--
2036		--		--
2037		--		--
2038		--		--
2039		--		--
		<u>\$1,586,000</u>		<u>\$2,112,000</u>

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General Obligation Bonds and Notes

2014B Urban Renewal Bonds Issued June 18, 2014		2015A Urban Renewal Bonds Issued June 30, 2015		2015B Urban Renewal Bonds Issued June 30, 2015		2017A Urban Renewal Bonds Issued August 22, 2017	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2.00%	\$ 165,000	2.20%	\$ 550,000	2.00%	\$ 520,000	3.10%	\$ 79,000
2.00%	175,000	2.40%	565,000	3.00%	490,000	3.10%	109,000
2.00%	410,000	2.60%	575,000	2.00%	590,000	3.10%	118,000
2.15%	635,000	2.80%	590,000	2.25%	335,000	3.10%	123,000
--	--	2.95%	610,000	2.25%	630,000	3.10%	128,000
--	--	--	--	2.50%	515,000	3.10%	133,000
--	--	--	--	--	--	3.10%	351,000
--	--	--	--	--	--	3.10%	293,000
	<u>\$1,385,000</u>		<u>\$2,890,000</u>		<u>\$3,080,000</u>		<u>\$1,334,000</u>

General Obligation Bonds and Notes

2018 Housing Development Refunding Notes Issued May 24, 2018		2019A Urban Renewal Bonds Issued April 16, 2019		2019B Urban Renewal Bonds Issued April 16, 2019		2019C Refunding Bonds Issued November 7, 2019	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
1.00%	\$ 21,254	2.00%	\$ 170,000		\$ --	1.85%	\$ 60,000
1.00%	21,467	2.00%	170,000		--	1.85%	70,000
1.00%	21,683	2.00%	170,000		--	1.85%	120,000
1.00%	21,900	2.00%	195,000	2.85%	75,000	2.13%	125,000
1.00%	22,120	3.00%	215,000	2.85%	180,000	2.13%	125,000
1.00%	22,341	3.00%	200,000	3.00%	275,000	2.13%	130,000
1.00%	22,565	3.50%	210,000	3.05%	290,000	2.13%	135,000
1.00%	22,791	3.50%	215,000	3.15%	295,000	2.44%	135,000
1.00%	23,020	3.75%	225,000	3.25%	305,000	2.44%	135,000
1.00%	23,251	3.75%	230,000	3.35%	310,000	2.44%	140,000
1.00%	23,484	3.75%	245,000	3.45%	325,000	2.78%	145,000
1.00%	23,719	3.75%	255,000	3.50%	335,000	2.78%	150,000
1.00%	23,957	4.00%	255,000	3.55%	345,000	2.78%	150,000
1.00%	24,197	4.00%	270,000	3.60%	360,000	2.78%	60,000
1.00%	24,440	4.00%	280,000		--	3.13%	60,000
1.00%	24,685	4.00%	290,000		--	3.13%	60,000
1.00%	24,932	4.00%	305,000		--	3.13%	65,000
1.00%	25,182	4.00%	310,000		--	3.13%	65,000
1.00%	12,486	--	--		--		--
	<u>\$ 429,474</u>		<u>\$4,210,000</u>		<u>\$3,095,000</u>		<u>\$1,930,000</u>

CITY OF NEWTON, IOWA
BOND AND NOTE MATURITIES - Continued
June 30, 2020

Year ending June 30,	General Obligation Bonds and Notes				
	2020A Corporate Purpose Bonds		2020B Corporate Purpose Bonds		Total
	Issued		Issued		
	April 6, 2020		April 6, 2020		
	Interest Rates	Amount	Interest Rates	Amount	
2021		\$ --		\$ --	\$ 3,155,254
2022		--		--	3,204,467
2023		--		--	3,299,683
2024		--		--	3,322,900
2025	3.00%	125,000	2.61%	65,000	3,352,120
2026	3.00%	135,000	2.61%	70,000	1,818,341
2027	3.00%	135,000	2.61%	70,000	1,788,565
2028	3.00%	140,000	2.61%	70,000	1,696,791
2029	3.00%	140,000	2.61%	75,000	1,093,020
2030	3.00%	150,000	2.61%	75,000	1,124,251
2031	3.00%	150,000	3.55%	80,000	1,172,484
2032	3.00%	155,000	3.55%	80,000	1,208,719
2033	3.00%	160,000	3.55%	85,000	1,018,957
2034	3.00%	165,000	3.55%	85,000	964,197
2035	3.00%	170,000	3.55%	90,000	624,440
2036	3.00%	170,000	3.55%	90,000	634,685
2037	3.00%	180,000	3.55%	95,000	669,932
2038	3.00%	185,000	3.55%	100,000	685,182
2039	3.00%	180,000	3.55%	100,000	292,486
		<u>\$2,340,000</u>		<u>\$1,230,000</u>	<u>\$ 31,126,474</u>

(continued next page)

CITY OF NEWTON, IOWA
BOND AND NOTE MATURITIES - Continued
June 30, 2020

Year ending, June 30,	Revenue Notes			
	2002 Sewer Revenue Capital Loan Note		2007 Sewer Revenue Capital Loan Note	
	Issued April 3, 2002		Issued April 5, 2007	
	Interest Rates	Amount	Interest Rates	Amount
2021	1.75%	\$ 139,000	1.75%	\$ 140,000
2022	1.75%	143,000	1.75%	145,000
2023	1.75%	148,000	1.75%	150,000
2024		--	1.75%	154,000
2025		--	1.75%	159,000
2026		--	1.75%	165,000
2027		--	1.75%	170,000
2028		--		--
2029		--		--
2030		--		--
		<u>\$ 430,000</u>		<u>\$1,083,000</u>

See accompanying independent auditor's report.

<u>Revenue Notes</u>		
<u>2010 Sewer Revenue</u>		
<u>Capital Loan Note</u>		
<u>Issued</u>		
<u>January 13, 2010</u>		
<u>Interest</u>		
<u>Rates</u>	<u>Amount</u>	<u>Total</u>
3.00%	\$ 23,000	\$ 302,000
3.00%	24,000	312,000
3.00%	25,000	323,000
3.00%	26,000	180,000
3.00%	27,000	186,000
3.00%	28,000	193,000
3.00%	28,000	198,000
3.00%	29,000	29,000
3.00%	30,000	30,000
3.00%	31,000	31,000
	<u>\$ 271,000</u>	<u>\$ 1,784,000</u>

CITY OF NEWTON, IOWA
SCHEDULE OF RECEIPTS BY SOURCE AND
DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS
For the Last Ten Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Receipts:				
Property tax	\$ 7,416,512	\$ 7,305,140	\$ 7,549,456	\$ 7,370,516
Tax increment financing	2,027,592	2,020,002	1,881,301	2,032,186
Other city tax	2,030,278	1,975,191	1,875,554	2,142,449
Licenses and permits	247,113	330,087	315,814	388,274
Use of money and property	212,974	215,295	180,398	131,458
Intergovernmental	3,347,441	3,955,163	2,947,723	4,208,532
Charges for service	2,268,378	2,000,045	2,049,922	1,923,732
Special assessments	13,093	13,323	15,105	39,173
Miscellaneous	<u>1,305,843</u>	<u>1,251,310</u>	<u>1,068,985</u>	<u>1,336,748</u>
Total	<u>\$ 18,869,224</u>	<u>\$ 19,065,556</u>	<u>\$ 17,884,258</u>	<u>\$ 19,573,068</u>
Disbursements:				
Operating:				
Public safety	\$ 7,080,878	\$ 6,968,458	\$ 6,960,609	\$ 6,755,455
Public works	3,592,615	3,133,770	3,075,700	3,304,874
Health and social services	--	--	--	--
Culture and recreation	2,398,550	2,476,301	2,120,351	2,063,856
Community and economic development	957,173	1,248,855	2,304,185	1,732,006
General government	1,207,102	1,308,975	1,217,936	1,252,386
Debt service	3,943,699	3,684,522	3,522,476	3,286,679
Capital projects	<u>6,634,097</u>	<u>5,815,461</u>	<u>4,995,679</u>	<u>5,241,281</u>
Total	<u>\$ 25,814,114</u>	<u>\$ 24,636,342</u>	<u>\$ 24,196,936</u>	<u>\$ 23,636,537</u>

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 7,025,573	\$ 6,917,971	\$ 6,793,884	\$ 6,646,452	\$ 6,495,477	\$ 6,293,597
2,508,520	2,444,811	2,717,402	2,560,585	2,909,173	1,347,281
1,845,968	341,759	1,746,337	1,604,454	1,707,571	1,703,058
341,597	323,716	299,981	307,552	275,515	155,019
133,030	123,333	113,561	116,361	93,264	109,517
3,630,008	3,686,731	2,441,344	2,440,079	2,367,894	4,103,067
1,817,922	1,730,308	1,828,431	1,845,139	1,797,054	2,112,552
25,461	18,911	22,316	22,014	18,308	23,864
883,883	873,919	727,280	594,484	596,567	1,177,272
<u>\$ 18,211,962</u>	<u>\$ 16,461,459</u>	<u>\$ 16,690,536</u>	<u>\$ 16,137,120</u>	<u>\$ 16,260,823</u>	<u>\$ 17,025,227</u>
\$ 6,573,415	\$ 6,618,231	\$ 6,429,196	\$ 6,353,118	\$ 5,717,661	\$ 5,410,336
3,331,047	3,063,416	2,728,791	2,707,209	2,558,601	2,409,348
--	--	--	--	153,374	12,083
2,103,157	1,975,189	1,994,009	1,875,748	1,917,021	1,960,709
1,974,731	2,604,430	1,417,245	2,421,712	2,405,218	737,015
1,214,456	1,279,714	1,203,719	1,112,059	1,102,944	1,553,181
3,033,811	2,729,522	4,006,361	2,137,456	2,357,739	5,914,670
4,681,791	1,564,457	520,188	297,887	810,310	3,620,110
<u>\$ 22,912,408</u>	<u>\$ 19,834,959</u>	<u>\$ 18,299,509</u>	<u>\$ 16,905,189</u>	<u>\$ 17,022,868</u>	<u>\$ 21,617,452</u>

COMPLIANCE SECTION

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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MARK D. KYHNN
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

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

To the Honorable Mayor and
Members of the City Council

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Newton, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 8, 2021. Our report expressed adverse and unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Newton's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Newton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Newton's internal control.

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

To the Honorable Mayor and
Members of the City Council

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies: 20-I-A.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Newton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters which are required to be reported under Government Auditing Standards. However, we noted a certain immaterial instance of non-compliance or other matters which is described in Part II of the accompanying Schedule of Findings and Responses.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 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.

Responses to Findings

The City of Newton's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Newton's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

James W. Bell, Jr., CPA

Atlantic, Iowa
January 8, 2021

CITY OF NEWTON, IOWA
Schedule of Findings and Responses
Year ended June 30, 2020

PART I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

20-I-A Segregation of Duties:

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

Condition: A limited number of people have the primary responsibility for most of the accounting and financial reporting duties.

Cause: The City has a limited number of employees which does not allow procedures to be established to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

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

Recommendation: The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response: The City Council and Mayor are aware of this lack of segregation of duties, but it is not economically feasible for the City to employ additional personnel for this reason. The City Council and Mayor will continue to act as an oversight group.

Conclusion: Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

CITY OF NEWTON, IOWA
Schedule of Findings and Responses
Year ended June 30, 2020

PART II: Other Findings Related to Required Statutory Reporting

20-II-A Certified Budget: Disbursements during the year ended June 30, 2020 did not exceed the amounts budgeted.

20-II-B Questionable Disbursements: During the audit, we did not note any disbursements that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

20-II-C Travel Expense: No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

20-II-D Business Transactions: In accordance with Chapter 362.5 of the Code of Iowa, no transactions between the City and the City officials and City employees were noted that represented conflicts of interest.

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

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

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

20-II-H Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

20-II-I Revenue Notes: No instances of non-compliance with the revenue note resolutions were noted.

20-II-J Urban Renewal Annual Report: The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

20-II-K Solid Waste Fees Retainage: No instances of non-compliance with the solid waste fees used in accordance with the provisions of Chapter 455B.310 of the Code of Iowa were noted.

20-II-L Financial Assurance: The City has met the closure and postclosure care financial assurance requirements issued by the Iowa Department of Natural Resources by complying with the local government financial test as specified in Iowa Administrative Code Chapter 567-113.14(6)(f).

CITY OF NEWTON, IOWA
Schedule of Findings and Responses
Year ended June 30, 2020

PART II: Other Findings Related to Required Statutory Reporting - Continued

20-II-M Financial Condition: The City had deficit balances in the following funds at June 30, 2020:

Special Revenue:		
Speedway/Prairie Fire Tax Increment Financing	\$	400,643
Enterprise:		
Golf		344,402

Recommendation: The City should investigate alternatives to eliminate these deficits to return these funds to a sound financial position.

Response: The City will continue to monitor funds with a deficit balance and develop strategies to return these funds to a sound financial position.

Conclusion: Response accepted.

20-II-N Tax Increment Financing (TIF): Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid. No exceptions were noted.

20-II-O Economic Development: During the year ended June 30, 2020, the City paid \$47,600 to Newton Housing Development Corporation and \$100,000 to Newton Development Corporation. The City Council has documented the public benefits received from this expenditure, however, it is disclosed here for public information.

According to Chapter 15A of the Code of Iowa and an Attorney General's opinion dated August 28, 1986, government financing of economic development may, in appropriate circumstances, serve a public purpose. The opinion advises the governing body to evaluate the public benefits to be obtained and discusses the specific criteria to be considered in documenting public purpose.

Recommendation: The Council should continue to evaluate and document the public purpose served by these expenditures before authorizing further payments.

Response: We will continue to evaluate and document the public purpose in the future.

Conclusion: Response accepted.

* * *

STATISTICAL SECTION

Table 1

CITY OF NEWTON
TAX INCREMENT FINANCING FUND - SCHEDULE OF CASH RECEIPTS
DISBURSEMENTS AND CASH BALANCE
INCEPTION TO JUNE 30, 2020

Operating Receipts

Bond Proceeds	31,724,268
Interest on Investments	218,621
Sale of Property	1,795,119
Property Taxes	41,740,931
Intergovernmental	11,173,028
Miscellaneous	3,407,425
	<u>90,059,392</u>

Operating Disbursements

Property acquisition and improvement	9,694,844
Property demolition	966,390
Economic Development grants	20,403,048
Legal and administrative	1,474,644
Property Taxes	97,338
Relocation	47,050
Contractual Services	5,000
Operating Supplies	15,139
Structures	62,756
Refunds and Property Tax Rebates	4,930,013
Revenue bond principal	5,074,852
Revenue Bond interest	896,194
Street Improvements	1,242,670
City Hall site improvements	550,127
Private Development improvements	462,406
Skiff Medical Center	280,000
Manufactured Gas Plant	3,253
Lighting and landscaping	431,730
Storage yard	578,063
Payment to other agencies	610,369
	<u>47,825,886</u>
Operating receipts over operating disbursements	<u>42,233,506</u>

Other transactions:

Transfer to Debt Service Fund - bond interest	(37,104,434)
Transfer to General Fund - economic development	(5,315,351)
Transfer to Central Business District	(2,500)
Transfer to Employee Benefits Fund	(272,975)
Transfer to Capital Projects Fund	(910,709)
Transfer to Sewer Fund	(547,555)
Transfer to Hotel/Motel Tax Fund	(131,390)
Interfund Loan	1,876,639
Cash and investment balance at June 30, 2020	<u>(174,769)</u>

Note: During the fiscal year 1988, the City established a tax increment financing district to generate revenues to assist the City in funding responsibility for an urban renewal plan. Under the urban renewal plan, the City purchases properties located within the district to be demolished for development. The City issued bonds to initially fund this plan, which will be retired from fund revenues through transfers to the Debt Service Fund.

Table 2

CITY OF NEWTON
COMPARISON OF ENTERPRISE FUNDS CHARGES FOR
SERVICES RECEIPTS

Year Ended June 30	Sewer	Landfill	Golf
2011	1,777,277	1,333,719	407,474
2012	2,074,418	1,314,130	353,937
2013	2,546,212	1,516,748	305,269
2014	2,556,779	1,465,029	359,853
2015	2,648,707	1,596,609	324,160
2016	2,581,415	1,686,673	343,840
2017	2,552,667	1,781,784	301,814
2018	2,744,092	1,802,836	301,979
2019	2,764,210	2,229,567	261,236
2020	2,976,127	2,002,724	280,463

CITY OF NEWTON
COMPARATIVE TOTAL AND PER CAPITA FUNCTION DISBURSEMENTS

Year Ended	Population	Public Safety Disbursements		Public Works Disbursements		Health and Social Services Disbursements		Culture & Recreation Disbursements		Community and Economic Development Disbursements	
		Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
<u>June 30</u>	<u>Per Census</u>										
2011	15,254**	\$ 5,414,879	\$ 354.98	\$ 2,410,052	\$ 157.99	\$ 12,083	\$ 0.79	\$ 1,961,802	\$ 128.61	\$ 737,224	\$ 48.33
2012	15,254**	\$ 5,717,661	\$ 374.83	\$ 2,558,601	\$ 167.73	\$ 153,374	\$ 10.05	\$ 1,917,021	\$ 125.67	\$ 2,405,218	\$ 157.68
2013	15,254**	\$ 6,353,118	\$ 416.49	\$ 2,707,209	\$ 177.48	\$ -	\$ -	\$ 1,875,748	\$ 122.97	\$ 2,421,712	\$ 158.76
2014	15,254**	\$ 6,429,196	\$ 421.48	\$ 2,728,791	\$ 178.89	\$ -	\$ -	\$ 1,994,009	\$ 130.72	\$ 1,417,245	\$ 92.91
2015	15,254**	\$ 6,618,231	\$ 433.87	\$ 3,063,416	\$ 200.83	\$ -	\$ -	\$ 1,975,189	\$ 129.49	\$ 2,604,430	\$ 170.74
2016	15,254**	\$ 6,573,415	\$ 430.93	\$ 3,331,047	\$ 218.37	\$ -	\$ -	\$ 2,103,157	\$ 137.88	\$ 1,974,731	\$ 129.46
2017	15,254**	\$ 6,755,455	\$ 442.86	\$ 3,304,874	\$ 216.66	\$ -	\$ -	\$ 2,063,856	\$ 135.30	\$ 1,732,006	\$ 113.54
2018	15,254**	\$ 6,960,609	\$ 456.31	\$ 3,075,700	\$ 201.63	\$ -	\$ -	\$ 2,120,351	\$ 139.00	\$ 2,304,185	\$ 151.05
2019	15,254**	\$ 6,968,458	\$ 456.83	\$ 3,133,770	\$ 205.44	\$ -	\$ -	\$ 2,476,301	\$ 162.34	\$ 1,248,855	\$ 81.87
2020	15,254**	\$ 7,080,878	\$ 464.20	\$ 3,592,615	\$ 235.52	\$ -	\$ -	\$ 2,398,550	\$ 157.24	\$ 957,173	\$ 62.75

**2010 census figures

Note: Beginning in 2011 fiscal year the City began reporting the Skiff
Medical Center as an Enterprise Fund.

Table 3

General Government Disbursements		Debt Service Disbursements		Capital Projects Disbursements		Business Type Activities Disbursements		Total Disbursements	
Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
\$ 1,555,017	\$ 101.94	\$ 5,914,670	\$ 387.75	\$ 3,620,110	\$ 237.32	\$ 39,733,332	\$ 2,604.78	\$ 61,359,169	\$ 4,022.50
\$ 1,102,944	\$ 72.31	\$ 2,357,739	\$ 154.57	\$ 810,310	\$ 53.12	\$ 39,634,526	\$ 2,598.30	\$ 56,657,394	\$ 3,714.26
\$ 1,112,059	\$ 72.90	\$ 2,137,456	\$ 140.12	\$ 297,887	\$ 19.53	\$ 3,760,471	\$ 246.52	\$ 20,665,660	\$ 1,354.77
\$ 1,203,719	\$ 78.91	\$ 4,006,361	\$ 262.64	\$ 520,188	\$ 34.10	\$ 5,419,379	\$ 355.28	\$ 23,718,888	\$ 1,554.93
\$ 1,279,714	\$ 83.89	\$ 2,729,522	\$ 178.94	\$ 1,564,457	\$ 102.56	\$ 3,063,934	\$ 200.86	\$ 22,898,893	\$ 1,501.17
\$ 1,214,456	\$ 79.62	\$ 3,033,811	\$ 198.89	\$ 4,681,791	\$ 306.92	\$ 4,355,308	\$ 285.52	\$ 27,267,716	\$ 1,787.58
\$ 1,252,386	\$ 82.10	\$ 3,286,679	\$ 215.46	\$ 5,241,281	\$ 343.60	\$ 4,352,732	\$ 285.35	\$ 27,989,269	\$ 1,834.88
\$ 1,217,936	\$ 79.84	\$ 3,522,476	\$ 230.92	\$ 4,995,679	\$ 327.50	\$ 4,008,685	\$ 262.80	\$ 28,205,621	\$ 1,849.06
\$ 1,308,975	\$ 85.81	\$ 3,684,522	\$ 241.54	\$ 5,815,461	\$ 381.24	\$ 4,173,108	\$ 273.57	\$ 28,809,450	\$ 1,888.65
\$ 1,207,102	\$ 79.13	\$ 3,943,699	\$ 258.54	\$ 6,634,097	\$ 434.91	\$ 3,887,177	\$ 254.83	\$ 29,701,291	\$ 1,947.11

Table 4

CITY OF NEWTON
COMPARATIVE PROPERTY TAX RECEIPTS BY FUND

<u>Year Ended June 30</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>
2011 *	4,915,611	2,189,531	915,377
2012	3,669,772	2,037,155	788,550
2013	3,845,539	2,228,337	572,577
2014	3,850,520	2,383,477	555,274
2015	3,749,275	2,461,295	695,592
2016	3,732,902	2,535,755	756,916
2017	3,696,606	2,556,746	1,117,164
2018	3,808,571	2,600,795	1,140,090
2019	3,655,380	2,509,325	1,140,435
2020	3,723,880	2,586,431	1,106,201

*For fiscal year 2011, amounts include special assessments local option sales tax, hotel/motel tax receipts and utility excise replacement tax in addition to property tax

CITY OF NEWTON
COMPARATIVE PROPERTY TAX LEVIES AND COLLECTIONS

<u>Year Ended June 30</u>	<u>Collection Year Ended June 30</u>	<u>Total Property Tax Levy</u>	<u>Current Property Tax Collections</u>
2010	2011	6,434,266	6,293,014
2011	2012	6,536,879	6,493,334
2012	2013	6,832,774	6,645,488
2013	2014	6,942,281	6,789,263
2014	2015	7,108,466	7,117,076
2015	2016	7,242,751	7,230,604
2016	2017	7,555,603	7,551,009
2017	2018	7,699,692	7,724,200
2018	2019	7,512,096	7,476,652
2019	2020	7,682,105	7,596,402

Table 5

<u>Percent Of Property Tax Levy Collected</u>	<u>Delinquent Property Tax Collections</u>	<u>TIF Property Tax Collections</u>	<u>Total Property Tax Collections</u>
97.80%	583	1,347,281	7,640,878
99.33%	2,143	2,909,173	9,404,650
97.26%	965	2,560,584	9,207,037
97.80%	8	2,717,401	9,506,672
100.12%	2,048	2,444,811	9,563,935
99.83%	-9,321	2,508,520	9,729,803
99.94%	352	2,032,186	9,583,547
100.32%	-577	1,881,301	9,604,924
99.53%	174	2,020,002	9,496,828
98.88%	2,518	2,027,592	9,626,512

CITY OF NEWTON
COMPARATIVE PROPERTY TAX RATES PER \$1,000 OF
ASSESSED VALUATION

Levy Year	Collection Year Ended June 30	Levy for			
		Newton School District	City of Newton	Jasper County	Area Schools
2010	2011	16.72645	15.34596	8.38776	0.56008
2011	2012	16.23768	15.30305	8.62582	0.59018
2012	2013	15.96319	14.99630	7.66830	0.58466
2013	2014	15.15308	14.66304	7.23964	0.68147
2014	2015	14.71796	15.80911	7.63891	0.65599
2015	2016	15.57662	16.19936	7.84733	0.67565
2016	2017	15.81157	17.14677	8.25538	0.72504
2017	2018	15.80758	17.14000	8.25967	0.67452
2018	2019	15.77415	17.14000	8.25967	0.69468
2019	2020	15.79274	17.14000	8.25697	0.65249

Table 6

Extension Council	County Assessor	Tuberculosis Eradication	Total	Percent of City of Newton Levy to Total Levy
0.17318	0.42448	0.00340	41.62131	36.87%
0.16758	0.41948	0.00320	41.34699	37.01%
0.16027	0.39701	0.00330	39.77303	37.70%
0.15695	0.39051	0.00000	38.28469	38.30%
0.18436	0.27962	0.00330	39.28925	40.24%
0.17502	0.22386	0.00407	40.70191	39.80%
0.17384	0.28408	0.00424	42.40092	40.44%
0.16992	0.39658	0.00421	42.45248	40.37%
0.18527	0.36790	0.00035	42.42202	40.40%
0.17922	0.40028	0.00032	42.42202	40.40%

Table 7

CITY OF NEWTON
COMPARATIVE RATIO OF GENERAL OBLIGATIONS BONDED DEBT TO TAXABLE VALUE
AND GENERAL OBLIGATION BONDED DEBT PER CAPITA

Date	Population Per Census	Taxable Value (Agriculture Land Included)	General Obligation Bonded Debt	Ratio of General Obligation Bonded Debt to Taxable Value	General Obligation Bonded Debt Per Capita
6/30/2011	15,254**	454,143,296	24,303,000 (1)	0.053514	1,593.22
6/30/2012	15,254**	510,841,569	28,090,000 (2)	0.054988	1,841.48
6/30/2013	15,254**	536,167,609	26,860,000 (2)	0.050096	1,760.85
6/30/2014	15,254**	544,823,839	21,525,000	0.039508	1,411.11
6/30/2015	15,254**	524,874,705	26,190,000	0.049898	1,716.93
6/30/2016	15,254**	519,091,987	23,750,000	0.045753	1,556.97
6/30/2017	15,254**	497,553,581	21,025,000	0.042257	1,378.33
6/30/2018	15,254**	507,342,971	25,601,000	0.050461	1,678.31
6/30/2019	15,254**	510,307,661	30,405,000	0.059582	1,993.25
6/30/2020	15,254**	547,571,015	31,126,474	0.056845	2,040.55

** 2010 census figures

(1) Includes capital loan notes and bonds payable.

(2) Includes capital loan notes of \$9,065,000 for which
the cross-over refunding call date is June 1, 2014

Table 8

CITY OF NEWTON, IOWA
SEWER FUND DATA
JUNE 30, 2020

Sewer customers served at June 30, 2020 6,290

Sewer rates in effect at June 30, 2020

Minimum charge of \$12.52 per month plus \$4.01/100 cubic feet over the first 200 cubic feet used.

A surcharge factor is levied for the following customers whose waste waters exceed normal domestic waste water:

<u>Customer Type</u>	<u>Surcharge Factor</u>
Laundry, including industrial laundries, commercial laundries, and laundromatic	1.2
Car washes	1.3
Restaurants - including quick service and sit-down types	1.6
Bakeries	1.4
Nursing homes	1.6
Correctional Facilities	1.4

CITY OF NEWTON, IOWA
 MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
 JUNE 30, 2020

Ten Largest Employers in Jasper County

Name (1)	Business Activity
TPI Composites Inc	Wind turbine blades
Newton Community School District	Education
Hy-Vee Corporation	Food Retailer
Wal-Mart, Inc.	Retail
Arcosa Wind Towers	Industrial/Warehouse
Rock Communications	Commercial Printing
MercyOne Newton Medical Center	Hospital
The Vernon Company	Specialty Advertising
Progress Industries	Service Industry
VanMaanen Electric	Electric Company

Ten Largest Taxpayer by Assessed Valuation (does not include Utilities)

Name (2)	Business Activity
Iowa Speedway LLC	Iowa Speedway
TPI Iowa LLC	TPI Wind Blades
Phoenix Newton Industrial Investors	Trinity Towers Manufacturing Plant/Industrial/Warehouse
Wesley Retirement Services	Retirement Residences
Wal-Mart, Inc.	Retail
Hy-Vee Corporation	Food Retailer
Newton Village, Inc	Retirement Residences
GPI WG Acquisition Sub LLC	Carton Manufacturing
Love's Travel Stop & Country	Retail
Newton Lodge & Suites, LLC	Hotel

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APPENDIX E

BOOK-ENTRY SYSTEM

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

Book-Entry System

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Direct Participant 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).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Trustee, on any payment 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 Bonds 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, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

City of Newton Council Report



Item: Resolution approving Bond Purchase Agreement for the sale of Taxable General Obligation Corporate Purpose Bonds, Series 2021B

Summary: Resolution Approving Bond Purchase Agreements for the 2021B Taxable Bonds

Financial Impact: Approval of Bond Purchase Agreements would lock in interest rates, with final action on the 2021B Taxable bonds on the April 5, 2021 City Council meeting

Report Number: 21-074

Date: March 15, 2021

Lead Department:
Administration

Recommendation:
Approval

Background:

The City Council held a public hearing on March 1, 2021 in regards to the issuing of the 2021B Taxable Bonds not to exceed \$435,000. The approval of a bond purchase agreement is the next step in the bonding process.

The proceeds from this bond will be used to continue the City's D&D program.

Recommendation:

Staff recommends approving a bond purchase agreement for the sale of Taxable General Obligation Corporate Purchase Bonds, Series 2021B.

A handwritten signature in black ink, appearing to read "Rob Burdess", written in a cursive style.

Rob Burdess
Acting City Administrator

RESOLUTION NO. 2021-_____

Resolution approving Bond Purchase Agreement for the sale of Taxable General
Obligation Corporate Purpose Bonds, Series 2021B

WHEREAS, the City of Newton (the “City”), in Jasper County, heretofore proposed to enter into a General Obligation Loan Agreement (the “General Purpose Loan Agreement #1”) and to borrow money thereunder in a principal amount not to exceed \$700,000 pursuant to the provisions of Section 384.24A of the Code of Iowa for the purpose of paying the costs, to that extent, of (1) acquiring a vehicle for use by the community development department; (2) developing an updated comprehensive plan for community infrastructure and growth; (3) making structural and systems improvements for municipal fire safety facilities; (4) constructing parking improvements for City Hall and Fire Safety facilities; (5) constructing cart path improvements at the municipal golf course; and (6) acquiring utility and maintenance vehicles and equipment for use by the municipal parks and recreation department (the “General Purpose Projects #1”), and in lieu of calling an election upon such proposal, has published notice of the proposed action and has held a hearing thereon, and as of March 1, 2021, no petition had been filed with the City asking that the question of entering into the General Purpose Loan Agreement #1 be submitted to the registered voters of the City; and

WHEREAS, the City also proposed to enter into a General Obligation Loan Agreement (the “General Purpose Loan Agreement #2”) and to borrow money thereunder in a principal amount not to exceed \$550,000 pursuant to the provisions of Section 384.24A of the Code of Iowa for the purpose of paying the cost, to that extent, of (1) constructing improvements to a municipal public works facility; and (2) undertaking site improvements at the former municipal manufactured gas plant (the “General Purpose Projects #2”), and in lieu of calling an election upon such proposal, has published notice of the proposed action and has held a hearing thereon, and as of March 1, 2021, no petition had been filed with the City asking that the question of entering into the General Purpose Loan Agreement #2 be submitted to the registered voters of the City; and

WHEREAS, the City also proposed to enter into a General Obligation Loan Agreement (the “Essential Purpose Loan Agreement”) and to borrow money thereunder in a principal amount not to exceed \$2,400,000 pursuant to the provisions of Section 384.24A of the Code of Iowa for the purpose of paying the cost, to that extent, of (1) constructing street, sanitary sewer system, water utility system, storm water drainage and sidewalk improvements; (2) acquiring and installing streetscape, street lighting, signage and signalization improvements; (3) acquiring vehicles and equipment for the municipal police department; (4) acquiring emergency vehicles and equipment for the municipal fire department; (5) undertaking improvements to existing municipal parks, including sidewalk, fencing, ball field and landscaping/tree removal (the “Essential Purpose Projects” and together with the General Purpose Projects #1 and the General Purpose Projects #2, the “Projects”); and (6) acquiring, demolishing and/or restoring dangerous and dilapidated properties (the “D&D Program”), and has published notice of the proposed action and has held a hearing thereon on March 1, 2021; and

WHEREAS, pursuant to Section 384.28 of the Code of Iowa, the City Council has combined the General Purpose Loan Agreement #1, General Purpose Loan Agreement #2 and the Essential Purpose Loan Agreement into two loan agreements (the "Loan Agreements"), the Tax Exempt Series 2021A Loan Agreement and the Taxable Series 2021B Loan Agreement (the "Series 2021B Loan Agreement"); and

WHEREAS, a Preliminary Official Statement (the "P.O.S.") has been prepared by Dorsey & Whitney LLP (the "Disclosure Counsel") as bond and disclosure counsel to the City to facilitate the sale of General Obligation Corporate Purpose Bonds, Series 2021A and Taxable General Obligation Corporate Purpose Bonds, Series 2021B (the "Series 2021B Bonds") in evidence of the obligation of the City under the Loan Agreements, and the City Council has made provision for the approval of the P.O.S. and has authorized its use by D.A. Davidson & Co. (the "Underwriter"); and

WHEREAS, a certain Bond Purchase Agreement (the "Series 2021B Bond Purchase Agreement") has been prepared to set forth the terms of the Series 2021B Bonds and the understanding between the City and the Underwriter with respect to the purchase thereof and it is now necessary to make provision for the approval of the Series 2021B Bond Purchase Agreement and its execution and delivery;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Newton, Iowa, as follows:

Section 1. The Series 2021B Bond Purchase Agreement is hereby approved in substantially the form as presented to the City Council. The Mayor and the City Clerk are hereby authorized and directed to execute and deliver the Series 2021B Bond Purchase Agreement to the Underwriter.

Section 2. Further action with respect to the authorization of the Series 2021B Loan Agreement and the issuance of the Series 2021B Bonds is hereby adjourned to the City Council meeting on April 5, 2021.

Section 3. All resolutions and orders or parts thereof in conflict with the provisions of this resolution, to the extent of such conflict, are hereby repealed.

Section 4. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved March 15, 2021.

Mayor

Attest:

City Clerk

City of Newton Council Report



Item: Resolution approving Bond Purchase Agreement for the Sale of Sewer Revenue Bonds, Series 2021C

Summary: Resolution approving Bond Purchase Agreement for the Sale of Sewer Revenue Bonds, Series 2021C

Financial Impact: Approval of Bond Purchase Agreement would lock in interest rates, with final action on the 2021C Sewer Revenue Bonds at the April 5, 2021 City Council meeting

Report Number: 21-075

Date: March 15, 2021

Lead Department:
Administration

Recommendation:
Approval

Background:

The City Council held a public hearing on March 1, 2021 in regards to the issuing of the 2021C Sewer Revenue Bonds not to exceed \$5,900,000. The approval of a bond purchase agreement is the next step in the bonding process.

The proposed 2021C Sewer Revenue Bonds include the following projects:

• Jet/Vac Truck Replacement	\$ 440,000
• WPC Plant Improvements	\$ 3,560,000
• WPC SW Sewage Pump Station Pumps	\$ 1,000,000

Recommendation:

Staff recommends approval of the attached Resolution approving a Bond Purchase Agreement for the Sale of Sewer Revenue Bonds, Series 2021C

Rob Burdess
Acting City Administrator

RESOLUTION NO. 2021-_____

Resolution approving Bond Purchase Agreement for the sale of Sewer Revenue Bonds, Series 2021C

WHEREAS, the City of Newton (the “City”), in Jasper County, State of Iowa, did heretofore establish a Municipal Sanitary Sewer Utility System (the “Utility”) in and for the City which has continuously supplied sanitary sewer service in and to the City and its inhabitants since its establishment; and

WHEREAS, the management and control of the Utility are vested in the City Council (the “Council”) and no board of trustees exists for this purpose; and

WHEREAS, pursuant to a prior resolution of the Council, the City has heretofore issued its Sewer Revenue Capital Loan Notes, Series 2002, dated May 3, 2002 (the “Series 2002 Notes”), a portion of which remains outstanding; and

WHEREAS, pursuant to a prior resolution of the Council, the City has heretofore issued its Sewer Revenue Capital Loan Notes, Series 2007, dated April 5, 2007 (the “Series 2007 Notes”), a portion of which remains outstanding; and

WHEREAS, pursuant to a prior resolution of the Council, the City has heretofore issued its Sewer Revenue Capital Loan Notes, Series 2010, dated January 13, 2010 (the “Series 2010 Notes”), a portion of which remains outstanding; and

WHEREAS, pursuant to the resolutions (the “Outstanding Note Resolutions”) authorizing the issuance of the Series 2002 Notes, the Series 2007 Notes and the Series 2010 Notes (collectively, the “Outstanding Notes”), the City reserved the right to issue additional obligations payable from the net revenues of the Utility and ranking on a parity with the Outstanding Notes under the terms and conditions set forth in the Outstanding Note Resolutions; and

WHEREAS, the City heretofore proposed to enter into a loan agreement (the “Loan Agreement”) and to borrow money thereunder in a principal amount not to exceed \$5,900,000, pursuant to the provisions of Section 384.24A of the Code of Iowa, for the purpose of paying the cost, to that extent, of undertaking improvements to, and acquiring equipment for, the Utility (the “Project”), and has published notice of the proposed action and has held a hearing thereon on March 1, 2021; and

WHEREAS, a Preliminary Official Statement (the “P.O.S.”) has been prepared by Dorsey & Whitney LLP (the “Disclosure Counsel”) as bond and disclosure counsel to the City to facilitate the sale of Sewer Revenue Bonds, Series 2021C (the “Series 2021C Bonds”) in evidence of the obligation of the City under the Loan Agreement, and the City Council has made provision for the approval of the P.O.S. and has authorized its use by D.A. Davidson & Co. (the “Underwriter”); and

WHEREAS, a certain Bond Purchase Agreement (the “Bond Purchase Agreement”) has been prepared to set forth the terms of the Series 2021C Bonds and the understanding between the City and the Underwriter with respect to the purchase thereof and it is now necessary to make provision for the approval of the Bond Purchase Agreement and its execution and delivery;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Newton, Iowa, as follows:

Section 1. The Bond Purchase Agreement is hereby approved in substantially the form as presented to the City Council. The Mayor and the City Clerk are hereby authorized and directed to execute and deliver the Bond Purchase Agreement to the Underwriter.

Section 2. Further action with respect to the authorization of the Loan Agreement and the issuance of the Series 2021C Bonds is hereby adjourned to the City Council meeting on April 5, 2021.

Section 3. All resolutions and orders or parts thereof in conflict with the provisions of this resolution, to the extent of such conflict, are hereby repealed.

Section 4. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved March 15, 2021.

Mayor

Attest:

City Clerk

NEW ISSUE - DTC BOOK ENTRY ONLY

UNDERLYING RATING: S&P: "A+"
 INSURED RATING: S&P: "AA"
 (See "Rating" and "Bond Insurance" herein.)

In the opinion of Dorsey & Whitney LLP, Bond Counsel, according to present laws, rulings and decisions and assuming compliance with certain covenants, the interest on the Bonds will be excluded 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 under the Internal Revenue Code of 1986 (the "Code"). In the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX EXEMPTION AND RELATED TAX MATTERS" herein.

\$5,105,000*
City of Newton, Iowa
Sewer Revenue Bonds, Series 2021C

Dated Date: Date of Delivery**Due:** As shown on inside cover

The \$5,105,000* Sewer Revenue Bonds, Series 2021C (the "Bonds") are being issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, pursuant to a Resolution (defined below) to be adopted by the City of Newton, Iowa (the "Issuer" or the "City") for its Municipal Sanitary Sewer Utility System (the "Utility"). The Depository Trust Company, New York, New York ("DTC") will act as the securities depository for the Bonds and its nominee, Cede & Co., will be the registered owner of the Bonds. Individual purchases of the Bonds will be recorded on a book-entry only system operated by DTC. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by BOKF, N.A., Lincoln, Nebraska, as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds. See "APPENDIX E – BOOK-ENTRY SYSTEM" herein.

The Bonds will bear interest from their dated date, payable semiannually on each June 1 and December 1, commencing December 1, 2021*.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. See "BOND INSURANCE" and "APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein.



The Bonds are subject to redemption by the Issuer prior to their stated maturities in the manner and at the time described herein. All of the Bonds then outstanding are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, on June 1, 2029* or on any date thereafter at a redemption price equal to the principal amount of the Bonds, together with accrued interest to the date fixed for redemption, without premium. See "THE BONDS – Redemption" herein.

The Bonds are being issued by the Issuer to evidence the Issuer's obligation under a certain loan agreement (the "Loan Agreement") for the purpose of paying the cost, to that extent, of undertaking improvements to, and acquiring equipment for, the Utility and paying certain costs of issuance related to the Bonds. The Bonds are issued pursuant to and in strict compliance with the provisions of Chapters 384 and 76 of the Code of Iowa, 2021, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution authorizing and approving the Loan Agreement and providing for the issuance and securing the payment of the Bonds expected to be adopted by the Issuer on April 5, 2021, which supplements the Outstanding Resolutions (defined herein).

The Bonds, together with the Outstanding Notes and any Parity Obligations (each as defined herein), and the interest thereon shall be payable solely and only out of the Net Revenues (defined herein) of the Issuer's Utility and from amounts on deposit in the Sinking Fund and Reserve Fund (each as defined herein). The Bonds shall not be a debt of nor a charge against the State of Iowa nor of the Issuer within the meaning of any constitutional or statutory limitation or provision and are not payable in any manner by taxation, and the Issuer shall not be liable by reason of the failure of the Net Revenues to be sufficient for the payment of the Bonds, the Outstanding Notes and any Parity Obligations. See "SECURITY AND SOURCE OF PAYMENT" herein.

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion as to legality, validity and tax exemption by Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel. Dorsey & Whitney LLP is also serving as Disclosure Counsel to the Issuer in connection with the issuance of the Bonds. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about April 21, 2021*.



The Date of this Official Statement is March __, 2021.

\$5,105,000*
City of Newton, Iowa
Sewer Revenue Bonds, Series 2021C

MATURITY SCHEDULE

<u>Due</u>	<u>Amount</u> *	<u>Rate</u> *	<u>Yield</u> *	<u>Cusip Num.</u> **	<u>Due</u>	<u>Amount</u> *	<u>Rate</u> *	<u>Yield</u> *	<u>Cusip Num.</u> **
June 1, 2024	\$100,000				June 1, 2033	\$335,000			
June 1, 2025	\$100,000				June 1, 2034	\$340,000			
June 1, 2026	\$ 95,000				June 1, 2035	\$345,000			
June 1, 2027	\$ 95,000				June 1, 2036	\$355,000			
June 1, 2028	\$270,000				June 1, 2037	\$360,000			
June 1, 2029	\$275,000				June 1, 2038	\$365,000			
June 1, 2030	\$280,000				June 1, 2039	\$375,000			
June 1, 2031	\$320,000				June 1, 2040	\$380,000			
June 1, 2032	\$325,000				June 1, 2041	\$390,000			

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

* Preliminary, subject to change.

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

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

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

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

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

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

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

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

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE” and “APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

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OFFICIAL STATEMENT

\$5,105,000*
City of Newton, Iowa
Sewer Revenue Bonds, Series 2021C

INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices hereto (the “Official Statement”), is to set forth certain information in conjunction with the sale of \$5,105,000* Sewer Revenue Bonds, Series 2021C (the “Bonds”) of the City of Newton, Iowa (the “Issuer” or the “City”) for its Municipal Sanitary Sewer Utility System (the “Utility”). This Introduction is not a summary of this Official Statement, but is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the appendices attached hereto. All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Copies of statutes, resolutions, ordinances, reports or other documents referred to herein are available, upon request, from the Issuer.

The Bonds are being issued pursuant to the provisions of Chapters 384 and 76 of the Code of Iowa, 2021, as amended (collectively, the “Act”) and a Resolution expected to be adopted by the Issuer on April 5, 2021* (the “Series 2021C Resolution”), which supplements other resolutions (the “Outstanding Resolutions” and, together with the Series 2021C Resolution, the “Resolution”) adopted by the Issuer in connection with the issuance of other bonds, notes and other Utility obligations of the Issuer, ranking on a parity with the Bonds, to evidence the obligations of the Issuer under a Loan Agreement between the Issuer and the Underwriter.

The Bonds, together with the Outstanding Notes and any Parity Obligations (each as defined herein), and the interest thereon shall be payable solely and only out of the net revenues (the “Net Revenues”) received by the Utility and amounts on deposit in the Sinking Fund and Reserve Fund (each as defined herein). As described in the Resolution, “Net Revenues” means gross revenues of the Utility (“Gross Revenues”) after deduction of the expenses of operation and maintenance of the Utility, which shall include salaries, wages, cost of maintenance and operation, materials, supplies, insurance, and all other items normally included under recognized accounting practices (but does not include allowances for depreciation in the valuation of physical property of costs related to long-term capital improvement projects) (such expenses are hereinafter referred to as the “Operating Expenses”). See “SECURITY AND SOURCE OF PAYMENT” and “APPENDIX A – INFORMATION ABOUT THE ISSUER AND THE UTILITY” herein.

The Bonds are being issued for the purpose of paying the cost, to that extent, of undertaking improvements to, and acquiring equipment for, the Utility and paying certain costs of issuance related to the Bonds. See “PLAN OF FINANCING” and “SOURCES AND USES OF FUNDS” herein.

The Bonds are issued on a parity basis with the remaining outstanding amount of the Issuer’s Sewer Revenue Capital Loan Notes, Series 2002, dated May 3, 2002 (the “Series 2002 Notes”), a portion of which remains outstanding; Sewer Revenue Capital Loan Notes, Series 2007, dated April 5, 2007 (the “Series 2007 Notes”), a portion of which remains outstanding; and Sewer Revenue Capital Loan Notes, Series 2010, dated January 13, 2010 (the “Series 2010 Notes” and together with the Series 2002 Notes and the Series 2007 Notes, the “Outstanding Notes”), a portion of which remains outstanding. The Bonds are on parity with the Outstanding Notes, and neither the Bonds nor the Outstanding Notes have priority over the other with respect to application of the Net Revenues of the Utility or from funds held in the Reserve Fund.

The Issuer anticipates issuing its General Obligation Corporate Purpose Bonds, Series 2021A (the “Series 2021A Bonds”); Taxable General Obligation Corporate Purpose Bonds, Series 2021B (the “Series 2021B Bonds”); and its Road Use Tax Revenue Bonds, Series 2021D (the “Series 2021D Bonds” and, together with the Series 2021A Bonds and the Series 2021B Bonds, the “Additional Bonds”). THE ADDITIONAL BONDS ARE NOT BEING OFFERED PURSUANT TO THIS OFFICIAL STATEMENT, AND THE BONDS AND THE ADDITIONAL BONDS CONSTITUTE SEPARATE ISSUES.

THE ISSUER

The information contained in this section and in “APPENDIX A – INFORMATION ABOUT THE ISSUER AND THE UTILITY” hereto is intended solely to provide a general description of the Issuer. The Bonds are not general obligations of the Issuer and

* Preliminary, subject to change.

neither the full faith and credit nor the taxing power of the Issuer is pledged to the payment of principal and interest on the Bonds. The Issuer has established the Utility, which has continuously supplied sewer service in and to the Issuer and its inhabitants since its establishment. The management and control of the Utility are under the direction of the City Council.

The Issuer, with a 2010 U.S. Census population of 15,254, comprises approximately 11.19 square miles. The Issuer operates under a statutory form of government consisting of a six-member City Council, of which the Mayor is not a voting member. Additional information concerning the Issuer is included in “APPENDIX A – INFORMATION ABOUT THE ISSUER AND THE UTILITY” hereto.

THE BONDS

General

The Bonds, together with the Outstanding Notes and any Parity Obligations, and the interest thereon shall be payable solely and only out of the Net Revenues received by the Utility and amounts on deposit in the Sinking Fund and Reserve Fund. The Bonds are not a general obligation of the Issuer. The Bonds are not payable in any manner by taxation.

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

The Bonds are dated as of the date of their delivery, will mature on June 1 in the years and in the amounts set forth on the inside cover page hereof, and will bear interest at the rates to be set forth on the inside cover page hereof. Interest on the Bonds is payable semiannually on June 1 and December 1 in each year, beginning on December 1, 2021*, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the interest payment date, to the addresses appearing on the registration books maintained by the Registrar or such other address as is furnished to the Registrar in writing by a registered owner. The Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

Redemption

Optional Redemption. All of the Bonds then outstanding are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, beginning June 1, 2029*, or on any date thereafter at a redemption price equal to the principal amount of the Bonds, together with accrued interest to the date fixed for redemption, without premium.

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

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

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

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

SECURITY AND SOURCE OF PAYMENT

General

The Bonds, together with the Outstanding Notes and any bonds, notes or other obligations as may be outstanding or hereafter issued and outstanding from time to time ranking on a parity herewith (the “Parity Obligations”) as may be hereafter issued and outstanding

* Preliminary, subject to change.

from time to time under the conditions set forth in the Resolution, and the interest thereon shall be payable solely and only out of the Net Revenues received by the Utility and amounts on deposit in the Sinking Fund and Reserve Fund, and shall be a valid claim of the owner thereof only against the Net Revenues and said Reserve Fund and the Sinking Fund, and the Bonds shall not be general obligations of the Issuer, nor payable in any manner by taxation, and under no circumstance shall the Issuer be liable by reason of the failure of the Net Revenues or the Reserve Fund and the Sinking Fund to be sufficient for the payment in whole or in part of the Bonds and the interest thereon, but the Bonds (together with any Parity Obligations) shall be payable both as to principal and interest solely and only from the future Net Revenues of the Utility pledged therefor. As provided by Section 384.84, Subsection 4, Code of Iowa, unpaid sewer charges constitute a lien upon the premises served by the Utility upon certification by the City to the County Treasurer that the rates and charges are past due. The lien has equal precedence with ordinary taxes, may be certified to the County Treasurer and collected in the same manner as taxes, and is not divested by a judicial sale.

Rate Covenant

So long as any of the Bonds or any Parity Obligations are outstanding, the Issuer shall operate the Utility as a revenue producing undertaking. The Issuer shall establish, impose, adjust and provide for the collection of rates to be charged to customers of the Utility, including the Issuer, to produce Gross Revenues at least sufficient to pay the Operating Expenses and to leave a balance of Net Revenues equal to at least 110 percent of the amount of annual payments of principal of and interest on all of the Bonds and any Parity Obligations outstanding from time to time, as the same become due, and to maintain a reasonable reserve for the payment of such principal and interest, as set forth in the Resolution.

Flow of Funds under the Resolution

The following funds have been established related to the Bonds and any Parity Obligations: a Sewer Revenue Fund (the "Revenue Fund"); a Sewer Revenue Bond Sinking Fund (the "Sinking Fund"); an Operation and Maintenance Fund (the "Operation and Maintenance Fund"); a Reserve Fund (the "Reserve Fund"); and a Surplus Fund (the "Surplus Fund").

So long as any of the Bonds and any Parity Obligations remain outstanding and unpaid, the Gross Revenues of the Utility shall continue to be set aside into the Revenue Fund, and shall be disbursed each month only as follows and in the following priority:

(a) Operation and Maintenance Fund. Money shall first be disbursed to make deposits into the Operation and Maintenance Fund each month in an amount sufficient to meet the current Operating Expenses of the month plus an amount equal to 1/12th of Operating Expenses payable on an annual basis. After the first monthly deposit, further deposits may be made to the Operation and Maintenance Fund from the Revenue Fund to the extent necessary to pay current Operating Expenses accrued and payable to the extent that funds are not available in the Surplus Fund.

(b) Sinking Fund. Money in the Revenue Fund shall next be disbursed to make deposits into the Sinking Fund to pay principal of and interest on the Bonds and any Parity Obligations. The minimum amount to be deposited into the Sinking Fund in any month shall be an amount sufficient to pay 100% of the installment of principal and interest coming due on such semiannual or annual payment date, as the case may be. Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Bonds, the Outstanding Notes and any Parity Obligations as the same shall become due and payable.

(c) Reserve Fund. As provided in the Resolution, the Issuer has established a Debt Service Reserve Fund and within such fund a subaccount entitled Sewer Revenue Bonds, Series 2021C Debt Service Reserve Fund Subaccount (the "2021C Reserve Fund Subaccount") for the purpose of maintaining a debt service reserve for the Series 2021C Bonds. Money in the Revenue Fund shall next be disbursed to the 2021C Reserve Fund Subaccount to maintain as a reserve for the payment of principal of and interest on the Bonds, including to repay and reimburse all amounts due and payable to any Reserve Fund Credit Provider (as defined below). Whenever the sum on deposit in the 2021C Reserve Fund Subaccount has been reduced to less than the Required Reserve Fund Balance (as defined in the Series 2021C Resolution) by the expenditure of all or a portion of such funds in order to prevent or remedy a deficiency in the Sinking Fund, there shall be deposited into the 2021C Reserve Fund Subaccount in each month an amount equal to 25 percent of the amount required by the Resolution to be deposited into the Sinking Fund in such month. Such payments shall continue until such time as the sum on deposit in the 2021C Reserve Fund Subaccount shall be at least equal to the Required Reserve Fund Balance. All money credited to the 2021C Reserve Fund Subaccount shall be used and is pledged for the payment of the principal of and interest on the Bonds whenever for any reason the funds on deposit in the Sinking Fund are insufficient to pay such principal and interest when due. If and to whatever extent Parity Obligations shall be issued under the conditions set forth in this resolution, provision shall be made to create and maintain a reasonable reserve therefor. The amounts on deposit in the 2021C Reserve Fund Subaccount shall be used solely for the purpose of paying principal of and interest on the Bonds in the event insufficient money is available in the Sinking Fund to make any such payment. The 2021C Reserve Fund Subaccount is pledged only to the Bonds and shall not secure the Outstanding Notes or any Parity Obligations. The Issuer may establish other subaccounts within the Reserve Fund upon the issuance of future Parity Obligations which are required to be secured by the Reserve

Fund. The money deposited into the Revenue Fund shall be disbursed on a parity basis to make deposits into the various subaccounts of the Reserve Fund for all Parity Obligations secured thereby. The subaccounts in the Reserve Fund shall be segregated from all other funds, accounts and subaccounts established by any future resolution for Parity Obligations secured by the Reserve Fund, and each subaccount shall be segregated and shall not be commingled or pledged to any other Parity Obligations, if issued. Pursuant to the Resolution, in lieu of maintaining and depositing moneys in the Reserve Fund, the Issuer may hold in deposit in the Reserve Fund a letter of credit issued by a domestic or foreign bank or a debt service reserve fund insurance policy issued by a bond insurance company, in an amount equal to the Required Reserve Fund Balance, such bank or bond insurance company (the "Reserve Fund Credit Provider"), as the case may be, having a credit rating at the time of such delivery in one of the two highest rating categories by Moody's or S&P. At closing, the Issuer expects to satisfy the Required Reserve Fund Balance by acquisition of a debt service reserve insurance policy issued by AGM (as defined below).

(d) Subordinate Obligations. Money in the Revenue Fund may next be used to pay principal of and interest on (including reasonable reserves therefore) any other obligations which by their terms shall be payable from the revenues of the Utility, but subordinate to the Bonds, the Outstanding Notes and any Parity Obligations, and which have been issued for the purposes of extensions and improvements to the Utility.

(e) Surplus Fund. All money thereafter remaining in the Revenue Fund at the close of each month shall be deposited into the Surplus Fund. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Fund and/or the Reserve Fund whenever any deficiency may exist in any such fund, and may be used to pay necessary Operating Expenses, to pay the cost of improvements and extensions to the Utility, to purchase any Bonds, the Outstanding Notes and any Parity Obligations at not exceeding par plus accrued interest, to prepay principal of any Bonds, the Outstanding Notes and any Parity Obligations as may then be subject to prepayment or as otherwise lawfully directed by the Issuer, to purchase at not exceeding par and accrued interest any subordinate obligations, or to call and redeem any subordinate obligations as may then be subject to redemption or for any lawful purpose.

Additional Obligations

The Bonds, the Outstanding Notes and any Parity Obligations shall not be entitled to priority or preference one over the other in the application of the Net Revenues of the Utility, regardless of the time or times of the issuance thereof, it being the intention that there shall be no priority among the Bonds, the Outstanding Notes and any Parity Obligations, regardless of the fact that they may have been actually issued and delivered at different times. The Issuer will issue no other notes, bonds or obligations of any kind or nature payable from or enjoying a lien or claim on the property or revenues of the Utility having priority over the Bonds, the Outstanding Notes or any Parity Obligations as may from time to time be issued and outstanding.

Parity Obligations may be issued on a parity and equality of rank with the Bonds with respect to the lien and claim of such Parity Obligations to the revenues of the Utility and the money on deposit in the funds adopted by this Resolution, for the following purposes and under the following conditions, but not otherwise: (a) for the purpose of refunding any of the Bonds, the Outstanding Notes or Parity Obligations which shall have matured or which shall mature not later than three months after the date of delivery of such refunding obligation and for the payment of which there shall be insufficient money in the Sinking Fund and the Reserve Fund; or (b) for the purpose of refunding Bonds, the Outstanding Notes or Parity Obligations or general obligation notes or making extensions, additions, improvements or replacements to the Utility, if (i) before any such Parity Obligations are issued, there will have been procured and filed with the City Clerk, a statement of an Independent Auditor or a Consulting Engineer not a regular employee of the Issuer, reciting the opinion based upon necessary investigations that the Net Revenues of the Utility for the preceding Fiscal Year (with adjustments as provided in the Resolution) were equal to at least 1.10 times the average annual amount that will be required in any Fiscal Year prior to the longest maturity of any of the Bonds, the Outstanding Notes or Parity Obligations for both principal of and interest on all Bonds, the Outstanding Notes and any Parity Obligations then outstanding which are payable from the Net Revenues and the Parity Obligations then proposed to be issued and (ii) the Parity Obligations must be payable as to principal and as to interest on the same month and day as the Bonds.

Remedies of Bondholders

Pursuant to the Act, the sole remedy for a breach or default of a term of a revenue bond (such as the Bonds) is a proceeding in law or in equity by suit, action or mandamus to enforce or compel performance of the duties required by the Act and of the terms of the Resolution, or to obtain the appointment of a receiver to take possession of and operate the Utility and to perform the duties required by the Act and the terms of the Resolution.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 29, 2020, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 16, 2020, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Capitalization of AGM

At December 31, 2020:

- The policyholders' surplus of AGM was approximately \$2,864 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$940 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,112 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's

wholly owned subsidiaries Assured Guaranty (Europe) plc (“AGE UK”) and Assured Guaranty (Europe) SA (“AGE SA”), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders’ surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE UK and AGE SA were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption “BOND INSURANCE – Assured Guaranty Municipal Corp.” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE”.

BONDHOLDERS’ RISKS

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

A number of factors could prevent the receipt of or reduce the amount of available Net Revenues for payment of debt service on the Bonds, and any Parity Obligations, including, but not limited to, the failure by certain users to pay their bills when and as due. The ability of the Issuer to generate sufficient Net Revenues is dependent upon a number of conditions and risk factors that are unpredictable including general economic conditions.

NO REPRESENTATION OR ASSURANCE CAN BE MADE THAT NET REVENUES WILL BE REALIZED BY THE ISSUER IN AMOUNTS SUFFICIENT TO PAY MATURING PRINCIPAL OF AND INTEREST ON THE BONDS, THE OUTSTANDING NOTES AND ANY PARITY OBLIGATIONS. Prospective purchasers of the Bonds should be aware that investment in the Bonds entails some degree of risk. Each prospective investor in the Bonds is encouraged to read this Official Statement in its entirety. Particular attention should be given to the factors described below which, among others, could affect the payment of debt service on the Bonds and which could also affect the market price of the Bonds to an extent that cannot be determined. This discussion of risk factors is not, and is not intended to be, exhaustive.

COVID-19

The Issuer has been monitoring developments and directives of federal, state and local officials as it determined what precautions and procedures to implement or revise in light of the spread of COVID-19. Some procedures and precautions resulting from the spread of COVID-19 with respect to operations, personnel and services may have been or will be mandated by federal and/or state entities. The continued spread of COVID-19 may affect the financial condition of the Issuer, either directly or indirectly in various ways, including:

(i) limiting the ability of the Issuer to conduct its operations in an historically normal manner, (ii) increasing the cost of operations of the Issuer, (iii) impacting the ability of the Issuer to provide personnel to carry out the services routinely provided by the Issuer, (iv) impacting certain revenues received by the Issuer, (v) affecting the secondary market with respect to the Bonds, and (vi) affecting liquidity sources of the Issuer.

The Issuer did not experience material reductions in revenue or material increases in expenses in fiscal year 2020 due to material COVID-19-related financial impacts and does not currently expect to amend its fiscal year 2021 budget due to material COVID-19-related financial impacts. It is too soon, however, to fully predict what COVID-19-related financial impacts the Issuer may incur and whether any such financial impacts will be material. The Issuer has not incurred material reductions in demand and use by its largest customers in the last few months of fiscal year 2020. The Issuer cannot predict whether, when, and to what extent its customers may incur COVID-19 related financial impacts and what impact this may have on Issuer operations and revenues. The Issuer's cash on hand and unrestricted reserves as of December 31, 2020, is shown in table "SEWER FUNDS ON HAND (as of December 31, 2020)" in Appendix A. The Issuer is requesting support from federal or state COVID-19 related loan or grant programs.

This information is based on current information available to the Issuer that may be incomplete and unknown. This information was derived using certain assumptions and methodologies, and includes unaudited financial information and projections. This information is forward-looking and subject to change.

Bond Insurance

In the event of default of the payment of the regularly scheduled principal of and interest on the Bonds when due, any owner of the Bonds will have a claim under the Policy for such payments.

Default in the payment of principal of and interest on the Bonds does not obligate acceleration of the obligations of AGM without appropriate consent. AGM may direct and must consent to any remedies exercised and AGM's consent may be required in connection with amendments to the Resolution. The obligations of AGM under the Policy are general obligations of AGM and in an event of default by AGM, the remedies available to the Bondholders may be limited by laws related to insolvency. If AGM becomes insolvent or otherwise becomes subject to receivership or similar proceedings under state insurance law, Bondholders may become general unsecured creditors of AGM and, under such circumstances, timely payment of the principal of and interest on the Bonds might depend entirely on the ability of the Issuer to pay principal of and interest on the Bonds as described under the heading "SECURITY AND SOURCE OF PAYMENT" herein.

The ability of AGM to make payment of such defaulted principal or interest under the Policy may be adversely affected by the financial condition of AGM at such time. No assurance is given as to the current or future financial condition of AGM or the financial condition of any entity with which AGM may merge or by which it may be acquired.

In the event AGM is unable to make payment of principal and interest on the Bonds as such payments become due under the Policy, the Bonds are payable solely from the Issuer as described herein. In the event AGM becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability for the Bonds.

The long-term ratings of the Bonds are dependent in part on the financial strength of AGM and its claims-paying ability. AGM's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of AGM and of the ratings on the Bonds will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability for the Bonds. See "RATINGS" herein.

The Issuer has made no independent investigation into the claims-paying ability of AGM, and no assurance or representation regarding the financial strength or projected financial strength of AGM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer to pay principal of and interest on the Bonds and the claims-paying ability of AGM, particularly over the life of the Bonds. See "BOND INSURANCE" herein for further information provided by AGM and the Policy, which includes further instructions for obtaining current financial information regarding AGM.

Limited Obligation

The obligation of the Issuer to pay debt service on the Bonds is a limited obligation of the Issuer. The Issuer does not have the authority to levy taxes to pay debt service on the Bonds. As further described elsewhere herein, debt service on the Bonds is payable solely from Net Revenues derived from the Utility. While it is believed that Net Revenues will be sufficient to pay debt service on the Bonds (and the Outstanding Notes and any Parity Obligations) when due, a number of other factors described below, or factors not presently anticipated, may affect the receipt of sufficient revenues for such purposes.

Under the Resolution, the Issuer has covenanted that it will establish and maintain rates and charges with respect to the Utility so that the Gross Revenues derived from the Utility will be sufficient, when combined with other available funds, to pay when due all

Operating Expenses, and all principal of and interest on the Bonds, the Outstanding Notes and any Parity Obligations, to maintain a reasonable reserve in the Reserve Fund. Under the Resolution, the Issuer has agreed to maintain Net Revenues at a level not less than 110% of the principal of and interest on all of the Bonds, the Outstanding Notes and any Parity Obligations falling due in the same fiscal year.

Nature of Debt Service Coverage

Certain historical net operating income and other financial information for the Issuer, including historical debt service coverage, are included in this Official Statement in “APPENDIX A – INFORMATION ABOUT THE ISSUER AND THE UTILITY” under the caption “MUNICIPAL SEWER SYSTEM OPERATING STATEMENT AND DEBT SERVICE COVERAGE.” The coverage is merely a mathematical computation as reflected in the applicable tables, and constitutes no assurance as to the future debt of the Issuer or the sufficiency of Net Revenues to satisfy operating costs of the Issuer and other debt service requirements.

General Factors that May Affect Sufficiency of Net Revenues

The Issuer is obligated to pay debt service on the Bonds solely from Net Revenues generated by the operation of the Utility and from amounts on deposit in the Sinking Fund and Reserve Fund. A number of factors may have an adverse effect on the receipt of monies in an amount sufficient to pay operating and maintenance expenses of the Utility as well as debt service on the Bonds. These include potential adverse changes in the economic condition of the Issuer or the Utility, including potential decreases in population that may arise from decisions by employers located in and around the Issuer to relocate their operations elsewhere; periodic fluctuations in demand; potential unemployment at a level that would preclude residents of the Issuer from paying sufficient user fees in order to support the operations of the Utility and the payment of debt service on the Bonds; and increased emphasis on and adoption by the general population of conservation measures. The loss of any of the major users may also have an adverse impact on the Net Revenues of the Utility.

Unforeseen increases in maintenance and operating expenses may also have an adverse impact on the Net Revenues. Factors affecting such expenses include increased costs of equipment and labor. The Issuer believes that it has made a reasonable projection of and allocation for maintenance and operating costs in setting its rates and charges, but no assurance can be given that actual costs will not exceed cost projections.

The Issuer’s covenants with respect to sufficiency of rates as set forth herein is a prospective covenant to set rates sufficient to produce Net Revenues for the next succeeding Fiscal Year adequate to pay principal and interest requirements and create reserves as provided in the Resolution but not less than 110 percent of the principal and interest requirements of the Fiscal Year (the “Rate Covenant”). The Rate Covenant does not require the Issuer to maintain historical Net Revenues of at least 110 percent of the principal and interest requirements of the applicable Fiscal Year. Provided the Issuer adopts or continues in effect sufficient rates to meet this covenant, the Issuer will not be in default under the Rate Covenant even if historical Net Revenues for such Fiscal Year are less than 110 percent of the principal and interest requirements for such Fiscal Year.

Unforeseen Problems with the Utility

Payment of principal of and interest on the Bonds is dependent to a considerable degree upon the continued operation of the Utility for the purposes for which it was designed. While the Issuer believes that the Utility has been designed and will be maintained in such a manner as to permit continued operation without requiring unreasonable costs for maintenance or repairs, and while the Issuer has provided under the terms of the Resolution for the creation and maintenance of funds in amounts which they believe to be sufficient to provide for the necessary repairs and maintenance of the Utility, there can be no assurance that such amounts will, in fact, be sufficient to assure the ongoing operation of the Utility. Although the Utility is covered by policies of insurance, casualties and other occurrences that may result in damage to the Utility may not be covered by the net proceeds of any insurance award. Any material interruption of the operation of the Utility may have an adverse effect on the ability of the Issuer to collect fees from users of the Utility and could, in turn, have a materially adverse effect on the ability of the Issuer to make timely payment of debt service on the Bonds.

Additional Debt of the Utility

Upon the satisfaction of certain conditions set forth in the Resolution, the Issuer may issue Parity Obligations for the purpose of financing or refinancing improvements or modifications to the Utility, which Parity Obligations would be equally and ratably secured with the Bonds that remain outstanding by the Net Revenues of the Utility.

Natural Disaster

The Utility is subject to interruption and loss of business in the event of a disaster, such as a windstorm, fire, explosion, sabotage and other events not now foreseen.

Environmental Protection Cost and Regulations

The Issuer believes it meets all current environmental requirements. In the future, however, regulatory agencies could adopt more stringent and costly pollution control measures, which would require additional capital and cause added operation and expenses.

The Utility is subject to state and federal environmental laws and regulations. The laws and regulations governing entities such as the Utility may require the Issuer to expend substantial funds to meet the requirements of such changing laws and regulations in the future. Failure to comply with these laws and regulations may result in the imposition of administrative, civil and criminal penalties, or an injunction requiring the Issuer to take or refrain from taking certain actions. In addition, environmental laws and regulations are complex and change frequently and it is possible that new or stricter standards could be imposed that will require additional capital expenditures or raise operating costs. In addition, failure to comply with regulatory changes, or the inability to comply with regulatory changes, in a timely manner could cause portions of the Utility to become unavailable resulting in a loss of or disruption of services negatively impacting Net Revenues.

Dependence on Significant User

During the calendar year ended December 31, 2020, the Newton Correctional Facility (the “Facility”) accounted for approximately 8.82% of the total revenues of the Utility. There can be no assurance that the Facility will continue to utilize the Utility in amounts comparable to recent years, and any decrease in use could have a material adverse impact on the Net Revenues generated by the Utility in the future, and materially adversely affect the ability to make timely debt service payments on the Notes. See “APPENDIX A – Larger Customers (*Total Sewer Revenue Calendar Year January 1 – December 31, 2020*)” herein.

General Economic Factors

The ability of the Utility to generate sufficient Net Revenues is subject to general economic factors that may impact both the costs of operating the Utility and demand by customers of the Utility. Examples of these economic factors include increased operation and maintenance costs, adverse demographic changes in the Utility’s service area, reduction in consumption patterns by customers, and a decrease in financial means by which customers pay their bills. Any or a combination of these factors may have a material adverse effect on the ability of the Utility to produce sufficient Net Revenues for payment of the Bonds, the Outstanding Notes and any Parity Obligations.

Changes in Legislation

The future financial condition of the Utility and its ability to produce sufficient Net Revenues could be adversely affected by legislative, environmental and other regulatory actions, to the extent such changes are material and adversely alter the current operation environment for the Utility. The Issuer cannot and does not make any predictions about such future legislative or regulatory changes, other than to note that any number of possible changes may adversely affect the operation of the Utility.

Matters Relating to Enforceability of Agreements

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

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

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

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, secondary marketing practices in connection with a particular Bond or Bonds issue are suspended or

terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

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

Rating Loss

S&P Global Ratings, a Standard and Poor's Financial Services LLC business ("S&P") has assigned a rating of "A+" to the Bonds. S&P has assigned a rating of "AA" to AGM. 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.

Bankruptcy and Insolvency

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

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

Forward-Looking Statements

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

Tax Matters, Bank Qualification and Loss of Tax Exemption

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

The Issuer will designate the Bonds as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and has further covenanted to comply with certain other requirements,

which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. However, the Issuer's failure to comply with such covenants could cause the Bonds not to be "qualified tax-exempt obligations" and banks and certain other financial institutions would not receive more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

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

DTC-Beneficial Owners

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

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

Proposed Federal Tax Legislation

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

Pension Information

The Issuer contributes to the Iowa Public Employees' Retirement System ("IPERS"), which is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the Issuer not covered by MFPRSI (defined below) are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The IPERS Comprehensive Annual Financial Report for its fiscal year ended June 30, 2020 (the "IPERS CAFR"), indicates that as of June 30, 2020, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 83.96%, and the unfunded actuarial liability was approximately \$6.587 billion. The IPERS CAFR identifies the IPERS Net Pension Liability at June 30, 2020, at approximately \$7.025 billion, while its net pension liability at June 30, 2019, was approximately \$5.791 billion. The IPERS CAFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See "APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER" for additional information on IPERS.

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

In fiscal year ended June 30, 2020, the Issuer's IPERS contribution totaled approximately \$390,986. The Issuer is current in its obligations to IPERS.

Pursuant to Governmental Accounting Standards Board Statement No. 68, IPERS has allocated the net pension liability among its members, with the Issuer's identified portion at June 30, 2020, at approximately \$3,023,073. While the Issuer's contributions to IPERS are controlled by state law, there can be no assurance the Issuer will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the Issuer. See "APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER" for additional information on pension and liabilities of the Issuer.

The Issuer also contributes to the Municipal Fire and Police Retirement System of Iowa ("MFPRSI"), which is a multiple-employer cost-sharing defined benefit pension plan for fire fighters and police officers, administered under Chapter 411 of the Code of Iowa.

MFPRSI plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to MFPRSI. Contribution amounts are set by State statute. The MFPRSI Comprehensive Annual Financial Report for its fiscal year ended June 30, 2020 (the “MFPRSI Report”) indicates that as of June 30, 2020, the date of the most recent actuarial valuation for MFPRSI, the funded ratio of MFPRSI was 79.93%, and the unfunded actuarial liability was \$630.3 million. The MFPRSI Report identifies the MFPRSI Net Pension Liability at June 30, 2020, at approximately \$797.6 million, while its net pension liability at June 30, 2019 was approximately \$655.9 million. The MFPRSI Report is available on the MFPRSI website. See “APPENDIX D — AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on MFPRSI.

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

In fiscal year ended June 30, 2020, the Issuer’s MFPRSI contribution totaled approximately \$801,647. The Issuer is current in its obligations to MFPRSI.

Pursuant to Governmental Accounting Standards Board Statement No. 68, MFPRSI has allocated the net pension liability among its members, with the Issuer’s identified portion at June 30, 2020, at approximately \$6,463,756. While the Issuer’s contributions to MFPRSI are controlled by state law, there can be no assurance the Issuer will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the Issuer. See “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER” hereto for additional information on pension liabilities of the Issuer.

Other Post-Employment Benefits (“OPEB”) Information

The Issuer operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. As of June 30, 2020, there were 123 active and three retired members in the plan. Participants must be age 55 or older at retirement. The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark Blue Cross and Blue Shield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

The contribution requirements of plan members are established and may be amended by the Issuer. The Issuer currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and the plan members range from \$653 to \$800 for single coverage and \$1,968 to \$2,420 for family coverage. For the year ended June 30, 2020, the City contributed \$2,366,999 and plan members eligible for benefits contributed \$144,297 to the plan. See “APPENDIX D — AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on OPEB obligations of the Issuer.

Summary

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

LITIGATION

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

ACCOUNTANT

The financial statements of the Issuer as of and for the year ended June 30, 2020, included in this Official Statement as Appendix D, have been audited by Gronewold, Bell, Kyhnn & Co. P.C., Atlantic, Iowa, independent auditors, as stated in their report appearing herein. Gronewold, Bell, Kyhnn & Co. P.C., has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2020, and also has not performed any procedures relating to this Official Statement.

Because the financial statements of the Utility are not presented separately by the Issuer, the Issuer’s complete financial statements are included as “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER”. As noted herein, the Bonds are payable solely from the Net Revenues of the Utility and not from any other funds of the Issuer.

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

PLAN OF FINANCING

The Issuer will use the proceeds of the Bonds to provide funds for the purpose of paying the cost, to that extent, of undertaking improvements to, and acquiring equipment for, the Utility and paying certain costs of issuance related to the Bonds.

SOURCES AND USES OF FUNDS*

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

Sources of Funds	
Bond Principal	\$5,105,000*
Total Sources of Funds	\$
Uses of Funds	
Project Fund	\$
Reserve Fund ⁽¹⁾	
Costs of Issuance, Bond Insurance & Contingency ⁽²⁾	\$
Total Uses of Funds	\$

(1) Initially, the Reserve Fund will be funded by an irrevocable debt service reserve fund insurance policy.

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

TAX EXEMPTION AND RELATED TAX MATTERS

Federal Income Tax Exemption

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

The opinion set forth in the preceding sentence will be subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. In the resolution authorizing the issuance of the Bonds, the Issuer will covenant to comply with all such requirements.

There may be certain other federal tax consequences to the ownership of the Bonds by certain taxpayers, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will express no opinion with respect to other federal tax consequences to owners of the Bonds. Prospective purchasers of the Bonds should consult with their tax advisors as to such matters.

Proposed Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax exempt status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

* Preliminary, subject to change.

Qualified Tax-Exempt Obligations

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

Original Issue Premium

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

Original Issue Discount

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

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

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

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

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

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

LEGAL MATTERS

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

COUNSEL OPINION.” Signed copies of the opinion, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel. Dorsey & Whitney LLP is also serving as Disclosure Counsel to the Issuer in connection with issuance of the Bonds.

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

RATING

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

CONTINUING DISCLOSURE

The Issuer will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the Issuer (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the Issuer no later than twelve months after the close of each fiscal year, commencing with the fiscal year ending June 30, 2021, with the Municipal Securities Rulemaking Board, at its internet repository named “Electronic Municipal Market Access” (“EMMA”). The notices of events, if any, are also to be filed with EMMA. See “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “Rule”).

During the previous five years, the Issuer did not timely link audited financial statements and annual operating data for its fiscal year ended June 30, 2016, did not timely file notice of rating change, and did not file or timely file notice of its failure to provide the aforementioned information on or before the date specified in its prior continuing disclosure undertakings.

UNDERWRITING

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

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

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

MISCELLANEOUS

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

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

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

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

The Issuer has reviewed the information contained herein which relates to it and has approved all such information for use within this Official Statement.

The execution and delivery of this Official Statement has been duly authorized by the Issuer.

City of Newton, Iowa

/s/

APPENDIX A

INFORMATION ABOUT THE ISSUER AND THE UTILITY

MUNICIPAL SANITARY SEWER SYSTEM

SERVICE AREA

The City of Newton owns its Water and Sanitary Sewer Utilities. The management and operation of the sanitary sewer utility is directed by the City Council with daily management by the City's Public Works Director. The City Council has complete authority to establish rates and charges for the Sewer Utility and is not subject to rate regulation by any State agency.

SEWER SYSTEM FACILITIES

The Sewer Utility consists of a collection system of approximately 65 miles of sanitary sewer lines of various sizes. The construction improvements made from this bond issue can be separated between facility improvements, collection system improvements and equipment as follows:

1. Install new sludge storage tank (1 million gallons, either concrete or glass lined steel), mixing system and sludge load out station.
2. Install emergency backup power generator, including new switch gear and automatic transfer switch and automatic operation circuit breakers.
3. Upgrade electrical service from utility system eliminating one of the dual feeds to the existing plant. Will install new diesel powered generator with new deep earth ground near main transformer (required by Iowa Department of Natural Resources "IDNR" and Alliant Energy).
4. Rehabilitate digester covers; repair, repaint and reinsulate existing digester covers and replace existing digester cover slides.
5. Revise central pump station to improve control of flow to equalization tanks and add metering of flows to and from equalization tanks (required by IDNR).
6. Install a mixing system to improve accuracy of influent sampling.
7. Install electric motorized operators to the three final clarifiers to channel scum gates.
8. Replace programmable logic controllers in the plant pump station and operations building.
9. Replacement of a segment of the central/Children's Forest main sewer trunk line.
10. Replacement of a Jet/Vac truck
11. WPC SW Pump Station improvements, including replacement of two existing 150 HP pumps and improved access for removal of pumps.
12. Install metering for flows to and from the equalization basins
13. Rehabilitate the existing flow equalization basin clay liners.

WASTEWATER TREATMENT PLANT

The current sewage treatment plant serves 99% of the community. The system has a design capacity of 3.0 million gallons per day, and a peak capacity of 13.1 million gallons per day. The average daily load is 2.5 gallons per day.

Treatment capacity is expected to be adequate to meet forecast needs for at least the next 17 years. The age of the current plant is 35 years, with the most recent major improvement (UV disinfection project) completed in 2018.

RATES AND CHARGES

The Rates listed below became effective in July 1, 2020.

Sewer Fees

Minimum	(includes first 200 cubic feet)	\$13.15 monthly
All usage over 200 cubic feet		\$4.21 per 100 cubic feet

Sewer Surcharges for Extra Strength

<u>Type of Entity</u>	<u>Multiplier</u>	<u>Monthly Minimum</u>	<u>Usage Charges</u>
Commercial Laundries & Laundromats	X 1.2	\$15.78	\$5.05 per 100 cubic feet
Car Wash	X 1.3	\$17.10	\$5.47 per 100 cubic feet
Bakeries	X 1.4	\$18.41	\$5.89 per 100 cubic feet
Restaurants & Nursing Homes	X 1.6	\$21.04	\$6.74 per 100 cubic feet

Disposal Fees (as of July 1, 2019)

Volume charge	Flow charge/1,000 gal/1,000	\$0.00537
BOD charge	24,100-200=23,900*8.34/1mm*\$/#	\$0.09276
TSS charge	42,000-240=41,760*8.34/1mm*\$/#	\$0.18062
NH3	1,650-50=1,600*8.34/1mm*\$/#	<u>\$0.05312</u>
Total charge per gallon disposed		\$0.33188
Grease Trap Waste		
Inside City	Total cost per gallon disposed	\$0.49782
	Total cost per 1,000 gallons	\$497.81543
Outside City (X 1.5)	Total cost per gallon disposed	\$0.74672
	Total cost per 1,000 gallons	\$746.72315
Minimum charge (per load)	City = 100 gallons	\$49.78154
	Out-of-town=100 gallons X 1.5	\$74.67231
Septage Waste		
Inside City	Total cost per gallon disposed	\$0.33188
	Total cost per 1,000 gallons	\$331.87695
Outside City (X 1.5)	Total cost per gallon disposed	\$0.49782
	Total cost per 1,000 gallons	\$497.81543
Minimum charge (per load)	City = 100 gallons	\$33.18770
	Out-of-town=100 gallons X 1.5	\$49.78154

Unit Rate Service Charges based on additional capital charge and basic usage charge (as of July 1, 2019)

Ammonia-nitrogen	\$3.982 per pound
BOD	\$0.465 per pound
Customer	\$4.486 per bill
Suspended solids	\$0.518 per pound
Volume	\$1.417 per 100 cubic feet / \$1.894 per 1,000 gallons

Delayed Payment:

Bills are issued in 3 cycles, the 15th, 22nd, and the last business day of the month. Bills are due 20 days after issue date. There is no penalty for delinquent bills.

Source: City of Newton.

LARGER CUSTOMERS (Total Sewer Revenue Calendar Year January 1 – December 31, 2020)

<u>Customer</u>	<u>Consumption (gal)</u>	<u>Cons. % of Total</u>	<u>Sewer Charges</u>	<u>Charges % of Total</u>
Newton Correctional Facility	32,827,850	7.89%	\$253,655	8.82%
Hunt Cleaners	19,343,280	4.65%	93,236	3.24%
REG	12,678,253	3.05%	69,858	2.43%
ULVS, Inc.	10,618,608	2.55%	61,330	2.13%
Sunrise Terrace	9,504,752	2.29%	51,776	1.80%
Classic Car Wash	1,014,700	0.24%	31,709	1.10%
Newton Landfill	4,540,679	1.09%	25,459	0.89%
Love's Truck Stop	3,904,560	0.94%	21,312	0.74%
Maytag Dairy Farms	2,288,880	0.55%	12,905	0.45%
GW Newton I	<u>2,154,240</u>	<u>0.52%</u>	<u>13,472</u>	<u>0.47%</u>
Total (TOP 10) Customers	98,875,802	23.77%	\$634,712	22.07%

Source: City of Newton.

NUMBER OF CUSTOMERS

<u>Calendar Year</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential	5,829	5,786	5,802	5,752	5,764
Commercial	<u>476</u>	<u>481</u>	<u>477</u>	<u>482</u>	<u>480</u>
Total	6,305	6,267	6,279	6,234	6,244

Source: City of Newton

CONSUMPTION HISTORY AND TOTAL SEWER CHARGES

<u>Calendar Year</u>	<u>Consumption (Cubic Foot)</u>	<u>Sewer Charges</u>
2020	415,941,914	\$2,875,926
2019	421,414,340	2,731,732
2018	411,209,363	2,723,395
2017	411,714,275	2,529,303
2016	414,168,424	2,544,741

Source: City of Newton

SEWER FUNDS ON HAND (as of December 31, 2020)

Water Pollution Control Operating Fund	\$1,431,757
Sewer Debt Service Sinking Fund	<u>151,000</u>
Total Sewer Fund Balance	\$1,581,757

Source: City of Newton

MUNICIPAL SEWER SYSTEM OPERATING STATEMENT AND DEBT SERVICE COVERAGE

The table below presents the Municipal Sewer Utility's audited operating revenues and expenditures for the five-year period FY 2015-16 through FY 2019-20.

The audited FY 2019-20 net revenues for debt of \$1,316,386 produce a debt service coverage ratio of 2.89* times the maximum annual debt service on the Series 2021C Bonds and parity obligations of \$455,084*.

**Projected, subject to change.*

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
OPERATING REVENUES					
Charges for Services	2,581,415	2,552,667	2,744,092	2,764,210	2,829,031
Miscellaneous	18,270	-	-	-	-
Total Operating Revenues	2,599,685	2,552,667	2,744,092	2,764,210	2,829,031
OPERATING EXPENDITURES					
Business Type Activities	1,414,669	1,487,064	1,429,240	1,571,044	1,555,432
Total Operating Expenditures	1,414,669	1,487,064	1,429,240	1,571,044	1,555,432
Net Operating Income	1,185,016	1,065,603	1,314,852	1,193,166	1,273,599
Non-Operating Items					
Interest on Investments	7,014	6,045	11,092	14,879	17,354
Other Non-Operating Revenue	-	27,647	24,834	26,508	25,433
Total Non-Operating Items	7,014	33,692	35,926	41,387	42,787
Revenue Available for Debt Service	1,192,030	1,099,295	1,350,778	1,234,553	1,316,386
Sewer Debt Service	349,558	350,608	332,806	336,211	337,680
Debt Service Coverage	3.41 X	3.14 X	4.06 X	3.67 X	3.90 X

SEWER REVENUE DEBT

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

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding As of 4/21/21</u>
5/02	\$2,261,000	Water Pollution Control Improvements (SRF Loan)	6/23	\$430,000
4/07	2,561,000	Water Pollution Control Improvements (SRF Loan)	6/27	1,083,000
1/10	548,000	Water Pollution Control Improvements (SRF Loan)	6/30	271,000
4/21C	*5,105,000	Improvements	6/41	*5,105,000
			Total	*\$6,889,000

**Projected, subject to change.*

Sewer Revenue Debt Service Requirements

Fiscal <u>Year</u>	<u>Outstanding Parity Obligations</u>		<u>Sewer Revenue Bonds, Series 2021C</u>		Total Principal and Interest*
	<u>Principal</u>	<u>Interest</u>	<u>Principal*</u>	<u>Interest*</u>	
2021	\$302,000	\$35,680			\$337,680
2022	312,000	29,640		\$113,444	455,084
2023	323,000	23,400		102,100	448,500
2024	180,000	16,940	\$100,000	102,100	399,040
2025	186,000	13,340	100,000	100,100	399,440
2026	193,000	9,620	95,000	98,100	395,720
2027	198,000	5,760	95,000	96,200	394,960
2028	29,000	1,800	270,000	94,300	395,100
2029	30,000	1,220	275,000	88,900	395,120
2030	<u>31,000</u>	<u>620</u>	280,000	83,400	395,020
2031			320,000	77,800	397,800
2032			325,000	71,400	396,400
2033			335,000	64,900	399,900
2034			340,000	58,200	398,200
2035			345,000	51,400	396,400
2036			355,000	44,500	399,500
2037			360,000	37,400	397,400
2038			365,000	30,200	395,200
2039			375,000	22,900	397,900
2040			380,000	15,400	395,400
2041			<u>390,000</u>	<u>7,800</u>	<u>397,800</u>
Total	\$1,784,000	\$138,020	\$5,105,000	\$1,360,544	\$8,387,564

**Projected, subject to change.*

The following information is intended solely to provide a general description of the City. The Bonds are not general obligations of the City and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Bonds.

THE ISSUER

The City of Newton (the “City”), the county seat of Jasper County, is located in central Iowa on Interstate 80, one of the busiest interstate highways in the United States, and is just 25 miles from the Des Moines metropolitan area and Interstate 35. The City was first organized in 1857 and covers an area of 11.1 square miles.

The City of Newton has operated under a Mayor-Council form of government with an appointed City Administrator since 1982. Policy-making and legislative authority are vested in the governing Council that consists of a mayor and six-member council. The City Council is responsible for adopting ordinances, policy resolutions, the annual budget and six-year Capital Improvements Program, appointing committees, and hiring the City Administrator, City Clerk, and City Attorney. The City Administrator is responsible for overseeing the day-to-day operations of the government and for appointing and supervising the City’s department directors. The City Council is elected on a non-partisan basis to four-year staggered terms with three council members elected every two years. The Mayor is elected to a two-year term. Four of the council members are elected within their respective wards, and the Mayor and the two remaining council members are elected at-large.

The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of roads, streets and infrastructure; inspection and licensing functions; maintenance of grounds and buildings; municipal airport; library; cemetery and parks and recreation activities. In addition to general government activities, the municipality owns and operates enterprises for a regional landfill, water pollution control facility, parking facilities, and golf

course. Transportation facilities are provided by the Iowa Interstate Railroad and a network of paved county roads. Newton Municipal Airport provides both private and commercial charter air service. The Des Moines International Airport provides commercial air service to residents of Newton.

Educational services are provided to the community through the Newton Community School District that has a district population of 21,271 and estimated enrollment of 3,000. The District operates one high school, one alternative school, one middle school and four elementary schools. Continuing education opportunities are available through the Des Moines Area Community College Polytechnic Campus. The Newton Polytechnic Campus offers a wide selection of academic courses that lead to a two-year degree, as well as a unique partnership with business and industry in the area of employee training. The City has also formed a partnership with Buena Vista University, which allows students to obtain four-year degrees. Additional post-secondary education within commuting distance of the City is provided by Drake University and Grand View College, Des Moines; Central College, Pella; Grinnell College, Grinnell; Simpson College, Indianola; Iowa State University, Ames; Marshalltown Community College, Marshalltown; University of Iowa, Iowa City; and the University of Northern Iowa, Cedar Falls.

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

	<u>1990</u>	<u>2000</u>	<u>2010</u>
City of Newton	14,799	15,579	15,254
County of Jasper	34,795	37,213	36,842
State of Iowa	2,776,831	2,926,324	3,046,355

Source: U.S. Department of Commerce.

Larger employers within the community include:

<u>Employer</u>	<u>Business/Industry</u>	<u>Approx. No. of Employees</u>
TPI Composites Inc	Wind Turbine Blades	1,000
Newton Community School District	Education	481
Hy-Vee Corporation	Food Retailer	269
Wal-Mart, Inc	Retail	263
Arcosa Wind Towers	Industrial/Warehouse	250
Rock Communications	Commercial Printing	200
MercyOne Newton Medical Center	Hospital	179
The Vernon Company	Specialty Advertising	179
Progress Industries	Services for Disabled	165

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APPENDIX B

FORM OF BOND COUNSEL OPINION

We hereby certify that we have examined certified copies of the proceedings (the “Proceedings”) of the City Council of the City of Newton (the “Issuer”), in Jasper County, State of Iowa, passed preliminary to the issue by the Issuer of its Sewer Revenue Bonds, Series 2021C (the “Bonds”) in the amount of \$5,105,000, dated April 21, 2021, in evidence of the Issuer’s obligation under a certain loan agreement (the “Loan Agreement”), dated as of April 21, 2021, and pursuant to a resolution of the Issuer approved on April 5, 2021 (the “Resolution”). The Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually, commencing June 1, and December 1 in each year, beginning December 1, 2021, at the respective rates as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>
2024	\$ 100,000	___%	2033	\$ 335,000	___%
2025	\$ 100,000	___%	2034	\$ 340,000	___%
2026	\$ 95,000	___%	2035	\$ 345,000	___%
2027	\$ 95,000	___%	2036	\$ 355,000	___%
2028	\$ 270,000	___%	2037	\$ 360,000	___%
2029	\$ 275,000	___%	2038	\$ 365,000	___%
2030	\$ 280,000	___%	2039	\$ 375,000	___%
2031	\$ 320,000	___%	2040	\$ 380,000	___%
2032	\$ 325,000	___%	2041	\$ 390,000	___%

Principal of the Bonds maturing in each of the years 2030 to 2041, inclusive, is subject to optional redemption prior to maturity on June 1, 2029, or on any date thereafter on terms of par plus accrued interest.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.
2. The Bonds and the Loan Agreement are valid and legally binding limited obligations of the Issuer enforceable in accordance with their terms and the terms set forth in the Resolution.
3. The Bonds, the Sewer Revenue Capital Loan Notes, Series 2002, dated May 3, 2002, the Sewer Revenue Capital Loan Notes, Series 2007, dated April 5, 2007, the Sewer Revenue Capital Loan Notes, Series 2010, dated January 13, 2010 and any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity therewith under the conditions and restrictions set forth in the Resolution, are and will continue to be payable as to both principal and interest solely and only from the future Net Revenues of the Municipal Sanitary Sewer Utility System of the Issuer.
4. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not treated as a preference item in calculating the federal alternative minimum tax imposed under the Internal Revenue Code of 1986 (the “Code”). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.
5. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the Bonds be, or continue to be, qualified tax-exempt obligations. The Issuer has covenanted to comply with each such requirement.
6. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

***This form of bond counsel opinion is subject to change pending the results of the sale of the Bonds contemplated herein.**

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Newton, Iowa (the “Issuer”), in connection with the issuance of \$5,105,000 Sewer Revenue Bonds, Series 2021C (the “Bonds”), dated April 21, 2021. The Bonds are being issued pursuant to a resolution of the Issuer approved on April 5, 2021 (the “Resolution”). The Issuer covenants and agrees as follows:

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

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

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

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

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

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system available at <http://emma.msrb.org>.

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

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

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

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

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

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

“State” shall mean the State of Iowa.

Section 3. Provision of Annual Reports.

(a) Not later than June 30 (the “Submission Deadline”) of each year following the end of the 2020-2021 fiscal year, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file on EMMA an electronic copy of its Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate in a format and accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the Submission Deadline if they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and the Submission Deadline beginning with the subsequent fiscal year will become one year following the end of the changed fiscal year.

(b) If the Issuer has designated a Dissemination Agent, then not later than fifteen (15) business days prior to the Submission Deadline, the Issuer shall provide the Annual Report to the Dissemination Agent.

(c) If the Issuer is unable to provide an Annual Report by the Submission Deadline, in a timely manner thereafter, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file a notice on EMMA stating that there has been a failure to provide an Annual Report on or before the Submission Deadline.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The **audited financial statements** of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such audited financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements are not available by the Submission Deadline, the Annual Report shall contain unaudited financial information (which may include any annual filing information required by State law) accompanied by a notice that the audited financial statements are not yet available, and the audited financial statements shall be filed on EMMA when they become available.

(b) Tables, schedules or other information contained in the official statement for the Bonds, under the following captions:

RATES AND CHARGES
LARGER CUSTOMERS
NUMBER OF CUSTOMERS
CONSUMPTION HISTORY AND TOTAL SEWER CHARGES
SEWER FUNDS ON HAND (as of each June 30)
MUNICIPAL SEWER SYSTEM OPERATING STATEMENT AND DEBT SERVICE COVERAGE
SEWER REVENUE DEBT (including Outstanding Water Revenue Debt Service Requirements)
THE ISSUER - POPULATION (City only)

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which are available on EMMA or are filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available on EMMA. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note to paragraph (12): For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) If a Listed Event described in Section 5(a) paragraph (2), (7), (8) (but only with respect to bond calls under (8)), (10), (13), (14), or (15) has occurred and the Issuer has determined that such Listed Event is material under applicable federal securities laws, the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB.

(c) If a Listed Event described in Section 5(a) paragraph (1), (3), (4), (5), (6), (8) (but only with respect to tender offers under (8)), (9), (11), (12), or (16) above has occurred the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in Section 5(a) paragraphs (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

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

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

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

(a) (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; (ii) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the

original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver either (1) is approved by a majority of the Holders, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners; or

(b) the amendment or waiver is necessary to comply with modifications to or interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission.

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

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

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

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

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

Dated: April 21, 2021

CITY OF NEWTON, IOWA

By _____
Mayor

Attest:

By _____
City Clerk

APPENDIX D

AUDITED FINANCIAL STATEMENTS OF THE ISSUER

Because the financial statements of the Utility are not presented separately by the Issuer, the Issuer's complete audited financial statements are included as Appendix D. As noted above and in the body of this Official Statement, however, the Bonds are payable solely from the Net Revenues of the Utility and not from any other funds of the Issuer.

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

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CITY OF NEWTON, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2020

CITY OF NEWTON, IOWA
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INTRODUCTORY SECTION

Newton

January 8, 2021

To the Honorable Mayor, City Council, and Citizens of the City of Newton, Iowa:

I am pleased to submit the Annual Financial Report for the City of Newton, Iowa, for the fiscal year ended June 30, 2020, and to also provide information about the City organization and community. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than the U.S. Generally Accepted Accounting Principles. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Annual Financial Report is presented in four sections: Introductory, Financial, Compliance, and Statistical. The Introductory section includes the table of contents, letter of transmittal, and a list of City officials. The Financial section includes the independent auditor's report, Management's Discussion and Analysis, the basic financial statements, other information, and supplementary information.

The Compliance Section includes the Auditor's Report on Internal Control over Financial Reporting and Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. The Statistical section includes selected financial and demographic information generally presented on a multi-year basis.

The City of Newton has operated under a Mayor-Council form of government with an appointed City Administrator since 1982. Policy-making and legislative authority are vested in the governing Council, which consists of a Mayor and six-member City Council. The City Council is responsible for adopting ordinances, policy resolutions, the Annual Budget, and Capital Improvement Plan, appointing committees, and hiring the City Administrator, City Attorney, and City Clerk.

The City Administrator is responsible for overseeing the day-to-day operations of the City and for appointing and supervising the City's Department Directors. The City Council is elected on a non-partisan basis to four-year staggered terms, with three City Council members elected every two years. The Mayor is elected for a two-year term. Four of the City Council members are elected within their respective wards, and the Mayor and the two remaining City Council members are elected at-large.

This Report includes all funds of the City of Newton except for the Newton Waterworks and all discretely presented component units. The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of roads, streets and infrastructure; inspection and licensing functions; maintenance of grounds and buildings; municipal airport; library; cemetery; and parks and recreation activities. In addition to general government activities, the City owns and operates enterprises for a regional landfill, water pollution control facility, and golf course.

ECONOMIC CONDITION AND OUTLOOK

The City of Newton serves as the Jasper County seat and as a local employment center. It is a regional retail hub, with a full range of shopping and services that represent more than 75% of the sales in Jasper County. The official population now stands at 15,254.

The overall outlook for Newton is positive. Supported by significant housing and retail initiatives, Newton has seen economic growth in the last 12 months. In 2020, the City issued building permits for new residential construction with a total valuation of \$2,658,400. Total valuation for all permits issued in Calendar Year 2020 had a valuation of \$4,654,923.

Newton remains the stable home of many strong local employers such as Cline Tool, Rock Communications, Arcosa Wind Towers, Van Maanen Electric, MercyOne Newton Medical Center, TPI Composites, Inc., The Vernon Company, and Thombert Inc. After decreasing from FY13 to FY17, total assessed value in the City of Newton grew during FY20 for the third year in a row. In June 2020, the unemployment rate was at 8.1%, up from 2.6% in June of 2019. This increase in unemployment is directly related to the ongoing Covid-19 pandemic.

The community is located along major transportation routes near an expanding metropolitan area and is intentionally diversifying its economic base. Newton continues to position itself for consistent future growth.

CITY OPERATIONS

The Mayor, City Council, and City Staff conduct goal setting activities on a regular basis in order to provide the City with a firm sense of direction about its future, as well as to evaluate current activities. The City's 2018-2020 Comprehensive Plan was adopted in the fall of 2018. Throughout fiscal year 2019-2020, Staff and the Council worked on implementing the plan through project initiatives and major capital investments.

FINANCIAL INFORMATION

City administration is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with the Cash Basis of Accounting, which is another comprehensive basis of accounting. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of “reasonable assurance” recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

BUDGETING CONTROLS

The City maintains budgeting controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. All funds are included in the annual appropriated budget. The level of budgeting control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the program level.

As demonstrated by the financial statements and schedules included in the Financial Section of this Report, the City continues to meet its responsibility for sound financial management.

DEBT ADMINISTRATION

At June 30, 2020 the City of Newton had a number of debt issues outstanding. In fiscal year 2019-20, the City maintained an A+ rating from S&P Global Ratings on General Obligation Bond issues. Under current state statutes, the City's General Obligation debt issues are subject to a legal limitation based on 5% of total actual value of real property.

The City looks for, and calls in, bond issues that will generate annual principal and interest savings.

CASH MANAGEMENT

Cash temporarily idle during the year was invested in demand deposits and certificates of deposit. The Investment Policy adopted by the City Council stresses the importance of capital preservation. The Policy directives intend to minimize credit and market risks while maintaining a competitive yield on the portfolio. Accordingly, deposits were either covered by Federal Depository Insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

RISK MANAGEMENT

The City is fully insured for its general and auto liability as well as public official, police professional, and ambulance professional liability. Workers' compensation coverage is provided through a statewide risk pool for local governments, the Iowa Municipalities Workers' Compensation Association (IMWCA). The City is fully insured for all insurance plans for medical, dental, and prescription drug expenses.

OTHER INFORMATION

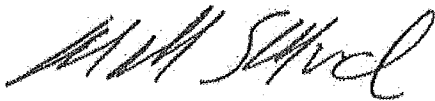
INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. Gronewold, Bell, Kyhnn & Co. P.C. has issued unmodified opinions on the City of Newton's governmental activities, the business type activities, each major fund, and aggregate remaining funds financial statements for the year ended June 30, 2020. The independent auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report.

ACKNOWLEDGMENTS

I am grateful for the support and interest of the Mayor and City Council, Department Directors, and other management Staff for their conscientiousness in planning and conducting the financial operations of the City of Newton in a responsible and progressive manner. Preparation of this Report could not have been accomplished without the dedicated services of the Finance Officer and the efficient assistance of the City's independent auditors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Matt Muckler", written in a cursive style.

Matt Muckler
City Administrator

CITY OF NEWTON, IOWA
OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January, 2020)		
Michael Hansen	Mayor	January, 2020
Craig Trotter	Council Member	January, 2020
Mark Hallam	Council Member	January, 2020
Dean Stonner	Council Member	January, 2022
Lin Chape	Council Member	January, 2020
Steve Mullan	Council Member	January, 2022
Evelyn George	Council Member	January, 2022
Matt Muckler	City Administrator	Indefinite
Katrina Davis	City Clerk	Indefinite
Matthew Brick	City Attorney	Indefinite
Lisa Frasier	Finance Officer	Indefinite
(After January, 2020)		
Michael Hansen	Mayor	January, 2022
Craig Trotter	Council Member	January, 2024
Mark Hallam	Council Member	January, 2024
Dean Stonner	Council Member	January, 2022
Steve Mullan	Council Member	January, 2022
Evelyn George	Council Member	January, 2022
Randy Ervin	Council Member	January, 2024
Matt Muckler	City Administrator	Indefinite
Katrina Davis	City Clerk	Indefinite
Matthew Brick	City Attorney	Indefinite
Lisa Frasier	Finance Officer	Indefinite

FINANCIAL SECTION

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Newton, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and
Members of the City Council

Opinions

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Major Governmental Funds:	
General	Unmodified
Special Revenue:	
Road Use Tax	Unmodified
Employee Benefits	Unmodified
Urban Renewal Tax Increment	Unmodified
Debt Service	Unmodified
Capital Projects	Unmodified
Major Enterprise Funds:	
Sewer	Unmodified
Landfill	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City's legally separate component units. Accounting principles applicable to the cash basis of accounting require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity which include the financial data for its component units. The City has not issued such reporting entity financial statements. The amounts by which this departure would affect the receipts, disbursements and cash balances of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Newton as of June 30, 2020, or the changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Newton as of June 30, 2020, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

To the Honorable Mayor and
Members of the City Council

Other Matters

Supplementary and Other Information

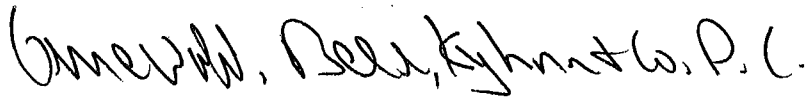
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Newton's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the five years ended June 30, 2019 (which are not presented herein) and expressed adverse and unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the four years ended June 30, 2014 (none of which are presented herein), were audited by other auditors whose report expressed adverse and unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in page 3 and pages 42 through 48 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The other information, including the Introductory Section, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability, the Schedule of City Contributions, and the Statistical Section, on pages 2 through 2c, 5 through 5f, 34 through 41, and 54 through 62, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2021 on our consideration of the City of Newton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Newton's internal control over financial reporting and compliance.



Atlantic, Iowa
January 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Newton provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2020 FINANCIAL STATEMENTS

- Receipts of the City's governmental activities decreased 9.8%, or approximately \$2,712,000, from fiscal year 2019 to fiscal year 2020. Grants, contributions and restricted interest revenues decreased by approximately \$490,000, and debt proceeds decreased by approximately \$2,366,000.
- Disbursements of the City's governmental activities increased 12.6%, or approximately \$3,106,000, in fiscal year 2020 over fiscal year 2019. Capital projects disbursements increased by approximately \$819,000 and payments to refund debt increased by approximately \$1,928,000.
- The City's total cash basis net position decreased 5.7%, or approximately \$1,132,000, from June 30, 2019 to June 30, 2020. Of this amount, the cash basis net position of the governmental activities decreased approximately \$2,366,000 and the cash basis net position of the business type activities increased approximately \$1,234,000.

USING THIS ANNUAL REPORT

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

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

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

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

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

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These funds focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Employee Benefits and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund, and 5) the Permanent Funds. The governmental fund financial statements provide a detailed view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains separate Enterprise Funds to provide information for the Sewer and Landfill Funds, considered to be major funds of the City.

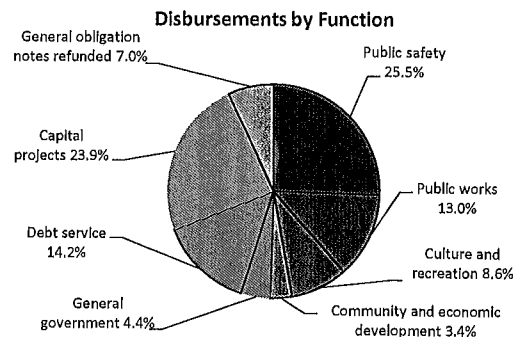
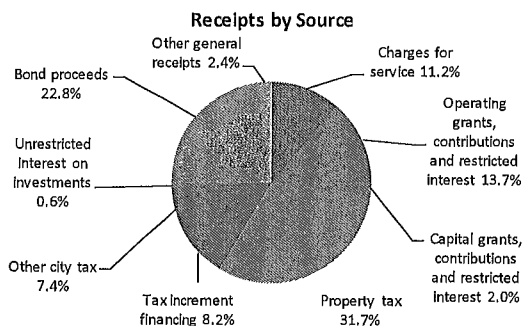
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from approximately \$11.432 million to approximately \$9.066 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)

	Year ended June 30,	
	2020	2019
Receipts:		
Program receipts:		
Charges for service	\$ 2,779	\$ 2,491
Operating grants, contributions and restricted interest	3,408	3,046
Capital grants, contributions and restricted interest	489	1,341
General receipts:		
Property tax	7,883	7,770
Tax increment financing	2,028	2,020
Other city tax	1,848	1,804
Unrestricted interest on investments	146	166
Bond proceeds	5,678	8,044
Other general receipts	601	890
Total receipts	<u>24,860</u>	<u>27,572</u>
Disbursements:		
Public safety	7,081	6,968
Public works	3,593	3,134
Culture and recreation	2,398	2,476
Community and economic development	957	1,249
General government	1,207	1,309
Debt service	3,944	3,685
Capital projects	6,634	5,815
General Obligation notes refunded	1,928	--
Total disbursements	<u>27,742</u>	<u>24,636</u>
Change in cash basis net position before transfers	(2,882)	2,936
Transfers, net	<u>516</u>	<u>373</u>
Change in cash basis net position	(2,366)	3,309
Cash basis net position beginning of year	<u>11,432</u>	<u>8,123</u>
Cash basis net position end of year	<u>\$ 9,066</u>	<u>\$ 11,432</u>



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The City's total receipts for governmental activities decreased 9.8%, or approximately \$2,712,000, over the prior year. The total cost of all programs and services increased approximately \$3,106,000, or 12.6%, with no new programs added this year. The decrease in revenues was primarily the result of debt proceed revenues. The increase in disbursements was primarily the result of the capital projects disbursements and refunding debt payments.

The cost of all governmental activities this year was approximately \$27.742 million compared to approximately \$24.636 million last year. The City's disbursements increased the most in the capital projects function. Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for services, decreased in fiscal year 2020 from approximately \$6,878,000 to approximately \$6,676,000, principally due to receiving less in capital grants, contributions and restricted interest.

Changes in Cash Basis Net Position of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2020	2019
Receipts:		
Program receipts:		
Charges for service:		
Sewer	\$ 2,976	\$ 2,764
Landfill	2,032	2,257
Golf	281	261
Operating grants, contributions and restricted interest	23	24
General receipts:		
Unrestricted interest on investments	131	163
Other general receipts	194	151
Total receipts	<u>5,637</u>	<u>5,620</u>
Disbursements:		
Sewer	2,341	2,637
Landfill	1,049	1,042
Golf	497	494
Total disbursements	<u>3,887</u>	<u>4,173</u>
Change in cash basis net position before transfers	1,750	1,447
Transfers, net	<u>(516)</u>	<u>(373)</u>
Change in cash basis net position	1,234	1,074
Cash basis net position beginning of year	<u>8,353</u>	<u>7,279</u>
Cash basis net position end of year	<u>\$ 9,587</u>	<u>\$ 8,353</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Total business type activities receipts for the fiscal year were approximately \$5.637 million compared to approximately \$5.620 million last year. This increase was due to an increase in general receipts. Total disbursements for the fiscal year decreased 6.85% to approximately \$3.887 million due to decreased sewer disbursements.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Newton completed the year, its governmental funds reported a combined fund balance of \$9,065,811, a decrease of approximately \$2,366,000 from last year's total of \$11,432,441. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$788,119 from the prior year to \$2,811,471. Disbursements decreased \$260,519, or 3.0%, over the prior year. The miscellaneous receipts increased approximately \$601,000, primarily due to the City receiving an estate donation for the Library.
- The Special Revenue, Employee Benefits Fund cash balance increased \$40,095 to \$195,435, primarily due to property tax collections plus transfers being more than benefits paid.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance decreased \$56,370 to \$(174,769). The City collected more in tax increment financing receipts and sold plots of land for approximately \$250,000 in the current year while disbursing less of rebate payments to developers.
- The Debt Service Fund cash balance decreased \$225,414 to \$126,170.
- The Capital Projects Fund cash balance decreased \$2,453,849 to \$4,566,384.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Sewer Fund cash balance increased \$359,052 to \$1,106,013, due to decreased capital project costs and increased operating receipts in the current year.
- The Enterprise, Landfill Fund cash balance increased \$971,640 to \$8,826,132 due to operating receipts being more than operating disbursements in the current year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on May 18, 2020 and resulted in an increase in operating disbursements in the amount of \$5,335,344.

The City's receipts were \$602,163 more than budgeted. This was primarily due to actual revenues in charges for services being more than budgeted and actual revenues in licenses and permits and miscellaneous being less than budgeted.

Actual disbursements were \$6,698,792 less than the amended budget. This was primarily due to actual disbursements in the debt service, capital projects, and business type activities being less than budgeted.

DEBT ADMINISTRATION

At June 30, 2020, the City had \$32,910,474 of bonds and other long-term debt outstanding, compared to \$32,483,000 last year as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2020	2019
General obligation notes and bonds	\$ 31,126	\$ 30,405
Sewer revenue capital loan notes	1,784	2,078
Total	\$ 32,910	\$ 32,483

Debt increased as a result of the City issuing \$5.678 million of General Obligation Refunding Bonds and Corporate Purpose Bonds during the year.

The City was assigned a general obligation bond rating of A+ by S&P Global Ratings in March of 2019. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$31,126,474 is significantly below its constitutional debt limit of approximately \$42 million. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Newton's elected and appointed officials and citizens considered many factors when setting the fiscal year 2021 budget, tax rates, and fees charged for various City activities. One of those factors is the economy. Unemployment in Jasper County now stands at 8.1% versus 2.6% a year ago. This compares with the State's unemployment rate of 8.4% and the national rate of 11.1%. All unemployment figures are as of June 30, 2020.

These indicators were taken into account when adopting the budget for fiscal year 2021. Amounts available for appropriation in the operating budget, including balances on hand and other financing sources, are approximately \$53 million, a decrease of 9.3% from the final fiscal year 2020 budget. The decrease is due primarily to spending unused bond proceeds for capital items. Budgeted disbursements/expenses decreased by approximately \$2.3 million dollars.

If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately 2.5 million dollars by the close of fiscal year 2021.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Frasier, Finance Officer, 101 W. 4th Street S., Newton, Iowa 50208.

CITY OF NEWTON, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION

As of and for the year ended June 30, 2020

		<u>Program Receipts</u>	
	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
Functions/Programs:			
Governmental activities:			
Public safety	\$ 7,080,878	\$ 1,493,840	\$ 476,757
Public works	3,592,615	976,662	1,984,280
Culture and recreation	2,398,550	202,808	732,351
Community and economic development	957,173	55,935	90,439
General government	1,207,102	49,599	81,401
Debt service	3,943,699	--	25,496
Capital projects	6,634,097	--	17,373
Total governmental activities	<u>25,814,114</u>	<u>2,778,844</u>	<u>3,408,097</u>
Business type activities:			
Sewer	2,340,668	2,976,127	17,599
Landfill	1,049,176	2,032,434	3,935
Golf	497,333	280,463	1,585
Total business type activities	<u>3,887,177</u>	<u>5,289,024</u>	<u>23,119</u>
Total	<u>\$ 29,701,291</u>	<u>\$ 8,067,868</u>	<u>\$ 3,431,216</u>
General Receipts and Transfers:			
Property and other city tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Hotel motel tax			
Franchise fees			
Local option sales tax			
Speedway ticket surcharge			
Unrestricted interest on investments			
Proceeds from sale of assets			
Debt proceeds			
Bonds issued for refunding debt			
Payment for refunding debt			
Miscellaneous			
Transfers			
Total general receipts and transfers			
Change in cash basis net position			
Cash basis net position beginning of year			
Cash basis net position end of year			

(continued next page)

Program Receipts Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
\$ --	\$(5,110,281)	\$ --	\$(5,110,281)
--	(631,673)	--	(631,673)
--	(1,463,391)	--	(1,463,391)
--	(810,799)	--	(810,799)
--	(1,076,102)	--	(1,076,102)
--	(3,918,203)	--	(3,918,203)
<u>489,234</u>	<u>(6,127,490)</u>	<u>--</u>	<u>(6,127,490)</u>
<u>489,234</u>	<u>(19,137,939)</u>	<u>--</u>	<u>(19,137,939)</u>
--	--	653,058	653,058
--	--	987,193	987,193
<u>--</u>	<u>--</u>	<u>(215,285)</u>	<u>(215,285)</u>
<u>--</u>	<u>--</u>	<u>1,424,966</u>	<u>1,424,966</u>
<u>\$ 489,234</u>	<u>(19,137,939)</u>	<u>1,424,966</u>	<u>(17,712,973)</u>
	6,719,932	--	6,719,932
	1,162,840	--	1,162,840
	2,027,592	--	2,027,592
	282,411	--	282,411
	99,384	--	99,384
	1,565,459	--	1,565,459
	184,000	--	184,000
	146,496	131,117	277,613
	312,341	955	313,296
	3,683,000	--	3,683,000
	1,995,000	--	1,995,000
	(1,928,000)	--	(1,928,000)
	4,935	193,257	198,192
	<u>515,919</u>	<u>(515,919)</u>	<u>--</u>
	<u>16,771,309</u>	<u>(190,590)</u>	<u>16,580,719</u>
	(2,366,630)	1,234,376	(1,132,254)
	<u>11,432,441</u>	<u>8,353,367</u>	<u>19,785,808</u>
	<u>\$ 9,065,811</u>	<u>\$ 9,587,743</u>	<u>\$ 18,653,554</u>

CITY OF NEWTON, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION - Continued

As of and for the year ended June 30, 2020

		<u>Program Receipts</u>
	<u>Disbursements</u>	<u>Charges for Service</u>
		<u>Operating Grants, Contributions, and Restricted Interest</u>
Cash Basis Net Position		
Restricted:		
Nonexpendable:		
Cemetery perpetual care		
Permanent endowments		
Expendable:		
Streets		
Urban renewal purposes		
Housing initiative		
Capital projects		
Debt service		
Waste reduction		
Closure and postclosure care		
Other purposes		
Unrestricted		
Total cash basis net position		

The accompanying notes are an integral part of these statements.

Program Receipts Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
	\$ 349,755	\$ --	\$ 349,755
	233,320	--	233,320
	602,532	--	602,532
(	174,769)	--	(174,769)
	279,648	--	279,648
	4,566,384	--	4,566,384
	126,170	27,795	153,965
	--	155,628	155,628
	--	2,461,956	2,461,956
	271,300	--	271,300
	<u>2,811,471</u>	<u>6,942,364</u>	<u>9,753,835</u>
	<u>\$ 9,065,811</u>	<u>\$ 9,587,743</u>	<u>\$ 18,653,554</u>

CITY OF NEWTON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2020

		Special Revenue	
	General	Employee Benefits	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 3,723,880	\$ 2,569,396	\$ --
Tax increment financing	--	--	2,027,592
Other city tax	376,056	64,791	--
Licenses and permits	247,113	--	--
Use of money and property	115,504	--	2,294
Intergovernmental	727,296	78,643	57,359
Charges for service	2,268,378	--	--
Special assessments	13,093	--	--
Miscellaneous	861,346	114,256	184,000
Total receipts	<u>8,332,666</u>	<u>2,827,086</u>	<u>2,271,245</u>
Disbursements:			
Operating:			
Public safety	4,014,526	2,448,171	--
Public works	1,122,586	181,218	--
Culture and recreation	1,500,425	518,758	--
Community and economic development	719,035	101,522	14,322
General government	1,006,982	160,233	--
Debt service	--	--	--
Capital projects	--	--	--
Total disbursements	<u>8,363,554</u>	<u>3,409,902</u>	<u>14,322</u>
Excess (deficiency) of receipts over (under) disbursements	(30,888)	(582,816)	2,256,923
Other financing sources (uses):			
Debt proceeds	--	--	--
Bonds issued for refunding debt	--	--	--
Payment for refunding debt	--	--	--
Proceeds from sale of assets	41,871	--	250,000
Transfers in	777,136	622,911	--
Transfers out	--	--	(2,563,293)
Total other financing sources (uses)	<u>819,007</u>	<u>622,911</u>	<u>(2,313,293)</u>
Change in cash balances	788,119	40,095	(56,370)
Cash balances beginning of year	<u>2,023,352</u>	<u>155,340</u>	<u>(118,399)</u>
Cash balances end of year	<u>\$ 2,811,471</u>	<u>\$ 195,435</u>	<u>\$ (174,769)</u>

(continued next page)

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 1,106,201	\$ --	\$ 17,035	\$ 7,416,512
--	--	--	2,027,592
23,972	--	1,565,459	2,030,278
--	--	--	247,113
5,597	85,207	4,372	212,974
32,667	489,234	1,962,242	3,347,441
--	--	--	2,268,378
--	--	--	13,093
25,496	17,373	103,372	1,305,843
<u>1,193,933</u>	<u>591,814</u>	<u>3,652,480</u>	<u>18,869,224</u>
--	--	618,181	7,080,878
--	--	2,288,811	3,592,615
--	--	379,367	2,398,550
--	--	122,294	957,173
--	--	39,887	1,207,102
3,943,699	--	--	3,943,699
--	6,634,097	--	6,634,097
<u>3,943,699</u>	<u>6,634,097</u>	<u>3,448,540</u>	<u>25,814,114</u>
(2,749,766)	(6,042,283)	203,940	(6,944,890)
105,776	3,577,224	--	3,683,000
1,995,000	--	--	1,995,000
(1,928,000)	--	--	(1,928,000)
--	10,210	10,260	312,341
2,351,576	492,718	--	4,244,341
--	(491,718)	(673,411)	(3,728,422)
<u>2,524,352</u>	<u>3,588,434</u>	<u>(663,151)</u>	<u>4,578,260</u>
(225,414)	(2,453,849)	(459,211)	(2,366,630)
<u>351,584</u>	<u>7,020,233</u>	<u>2,000,331</u>	<u>11,432,441</u>
<u>\$ 126,170</u>	<u>\$ 4,566,384</u>	<u>\$ 1,541,120</u>	<u>\$ 9,065,811</u>

CITY OF NEWTON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS - Continued

As of and for the year ended June 30, 2020

		<u>Special Revenue</u>	
	<u>General</u>	<u>Employee Benefits</u>	<u>Urban Renewal Tax Increment</u>
Cash Basis Fund Balances			
Nonspendable:			
Cemetery perpetual care	\$ --	\$ --	\$ --
Park endowment	--	--	--
Restricted for:			
Streets	--	--	--
Urban renewal purpose	--	--	(174,769)
Housing initiative	--	--	--
Capital projects	--	--	--
Debt service	--	--	--
Other purposes	--	195,435	--
Assigned for:			
Library reserve	605,049	--	--
Other purposes	18,899	--	--
Unassigned	<u>2,187,523</u>	<u>--</u>	<u>--</u>
Total cash basis fund balances	<u>\$ 2,811,471</u>	<u>\$ 195,435</u>	<u>\$ (174,769)</u>

The accompanying notes are an integral part of these statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ --	\$ --	\$ 349,755	\$ 349,755
--	--	233,320	233,320
--	--	602,532	602,532
--	--	--	(174,769)
--	--	279,648	279,648
--	4,566,384	--	4,566,384
126,170	--	--	126,170
--	--	75,865	271,300
--	--	--	605,049
--	--	--	18,899
--	--	--	2,187,523
<u>\$ 126,170</u>	<u>\$ 4,566,384</u>	<u>\$ 1,541,120</u>	<u>\$ 9,065,811</u>

CITY OF NEWTON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS

As of and for the year ended June 30, 2020

	Enterprise	
	Sewer	Landfill
Operating receipts:		
Charges for service	\$ 2,976,127	\$ 2,002,724
Total operating receipts	<u>2,976,127</u>	<u>2,002,724</u>
Operating disbursements:		
Business type activities	<u>1,651,038</u>	<u>856,898</u>
Total operating disbursements	<u>1,651,038</u>	<u>856,898</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	1,325,089	1,145,826
Non-operating receipts (disbursements):		
Interest on investments	13,224	117,893
Miscellaneous	26,288	69,984
Rent	--	29,710
Proceeds from sale of assets	--	505
Debt service	(339,235)	--
Capital projects	(350,395)	(192,278)
Net non-operating receipts (disbursements)	<u>(650,118)</u>	<u>25,814</u>
Excess (deficiency) of receipts over (under) disbursements	674,971	1,171,640
Transfers in	491,718	--
Transfers out	(807,637)	(200,000)
Total transfers in (out)	<u>(315,919)</u>	<u>(200,000)</u>
Change in cash balances	359,052	971,640
Cash balances beginning of year	<u>746,961</u>	<u>7,854,492</u>
Cash balances end of year	<u>\$ 1,106,013</u>	<u>\$ 8,826,132</u>
Cash Basis Fund Balances		
Restricted for:		
Debt service	\$ 27,795	\$ --
Waste reduction	--	155,628
Closure and postclosure care	--	2,461,956
Unrestricted	<u>1,078,218</u>	<u>6,208,548</u>
Total cash basis fund balances	<u>\$ 1,106,013</u>	<u>\$ 8,826,132</u>

The accompanying notes are an integral part of these statements.

Enterprise	
<u>Nonmajor-Golf</u>	<u>Total</u>
\$ 280,463	\$ 5,259,314
280,463	5,259,314
473,340	2,981,276
473,340	2,981,276
(192,877)	2,278,038
--	131,117
120,104	216,376
--	29,710
450	955
--	(339,235)
(23,993)	(566,666)
96,561	(527,743)
(96,316)	1,750,295
--	491,718
--	(1,007,637)
--	(515,919)
(96,316)	1,234,376
(248,086)	8,353,367
<u>\$(344,402)</u>	<u>\$ 9,587,743</u>
\$ --	\$ 27,795
--	155,628
--	2,461,956
(344,402)	6,942,364
<u>\$(344,402)</u>	<u>\$ 9,587,743</u>

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Newton is a political subdivision of the State of Iowa located in Jasper County. It was first incorporated in 1857 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 provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development and general government services. In addition to general government activities, the municipality owns and operates enterprises for sewer services, a regional landfill and a golf course.

A. Reporting Entity

For financial reporting purposes, the City of Newton 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.

Excluded Component Units

These financial statements present the City of Newton (the primary government). The financial statements do not include financial data for the Newton Municipal Waterworks, Newton Public Library Foundation and Friends of the Newton Public Library, legally separate entities which should be reported as discretely presented component units.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Mid-Iowa Narcotics Enforcement, Jasper County Joint E911 Service Board, Jasper County Assessor's Conference Board and Jasper County Emergency Management Commission.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation

Government-wide Financial Statement

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

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

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Funds.

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

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

Fund Financial Statements

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City reports the following major governmental funds:

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

Special Revenue:

The Employee Benefits Fund is used to account for the employee benefit property tax levy for the payment of employment benefits.

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

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

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

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

The Enterprise, Landfill Fund accounts for the operation and maintenance of the Newton Sanitary Landfill.

C. Measurement Focus and Basis of Accounting

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

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

D. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the City Council in March 2019.

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

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - CASH AND POOLED INVESTMENTS - Continued

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

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

NOTE 3 - BONDS AND NOTES PAYABLE

A summary of changes in bonds and notes payable for the year ended June 30, 2020 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation					
Bonds/Notes	<u>\$ 30,405,000</u>	<u>\$ 5,678,000</u>	<u>\$ 4,956,526</u>	<u>\$ 31,126,474</u>	<u>\$ 3,155,254</u>
Governmental Activities					
Total	<u>\$ 30,405,000</u>	<u>\$ 5,678,000</u>	<u>\$ 4,956,526</u>	<u>\$ 31,126,474</u>	<u>\$ 3,155,254</u>
Business Type Activities:					
Sewer Revenue Notes	<u>\$ 2,078,000</u>	<u>\$ --</u>	<u>\$ 294,000</u>	<u>\$ 1,784,000</u>	<u>\$ 302,000</u>
Business Type Activities					
Total	<u>\$ 2,078,000</u>	<u>\$ --</u>	<u>\$ 294,000</u>	<u>\$ 1,784,000</u>	<u>\$ 302,000</u>

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

Annual debt service requirements to maturity for general obligation bonds and notes and revenue notes are as follows:

Year Ending June 30,	General Obligation Notes & Bonds		Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 3,155,254	\$ 854,073	\$ 302,000	\$ 34,607	\$ 3,457,254	\$ 888,680
2022	3,204,467	780,358	312,000	29,035	3,516,467	809,393
2023	3,299,683	704,374	323,000	23,275	3,622,683	727,649
2024	3,322,900	630,746	180,000	17,310	3,502,900	648,056
2025	3,352,120	552,501	186,000	13,835	3,538,120	566,336
2026 - 2030	7,520,968	1,831,299	481,000	22,218	8,001,968	1,853,517
2031 - 2035	4,988,797	856,799	--	--	4,988,797	856,799
2036 - 2039	2,282,285	175,944	--	--	2,282,285	175,944
	<u>\$ 31,126,474</u>	<u>\$6,386,094</u>	<u>\$1,784,000</u>	<u>\$ 140,280</u>	<u>\$ 32,910,474</u>	<u>\$6,526,374</u>

General Obligation Notes/Bonds

On June 27, 2012, the City issued \$9,385,000 of general obligation bonds with interest rates ranging from 1.00% to 2.25% per annum. The bonds were issued for refunding prior general obligation bonds and for urban renewal projects. During the year ended June 30, 2020, the City paid \$845,000 of principal and \$99,620 of interest on the bonds. The bonds mature in fiscal year 2025.

On June 18, 2014, the City issued \$4,330,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 2.90% per annum. The bonds were issued for refunding prior general obligation bonds, urban renewal projects and for the Housing Initiative Program. During the year ended June 30, 2020, the City paid \$655,000 of principal and \$41,375 of interest on the bonds. The bonds mature in fiscal year 2023.

On June 18, 2014, the City issued \$2,525,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 2.15% per annum. The bonds were issued for refunding prior general obligation bonds, urban renewal projects and other general improvement projects. During the year ended June 30, 2020, the City paid \$155,000 of principal and \$31,753 of interest on the bonds. The bonds mature in fiscal year 2024.

On June 30, 2015, the City issued \$4,790,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 2.95% per annum. The bonds were issued for urban renewal projects and housing initiative projects. During the year ended June 30, 2020 the City paid \$540,000 of principal and \$85,925 of interest on the bonds. The bonds mature in fiscal year 2025.

On June 30, 2015, the City issued \$4,705,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 3.00% per annum. The bonds were issued for urban renewal projects, equipment purchases, street, sanitary sewer system, sidewalk improvements and traffic control improvements. During the year ended June 30, 2020, the city paid \$430,000 of principal and \$80,087 of interest on the bonds. The bonds mature in fiscal year 2026.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

On August 22, 2017, the City issued \$1,448,000 of general obligation urban renewal bonds with an interest rate of 3.10%. The bonds were issued for street, sanitary sewer system, storm water drainage, sidewalk improvements, installation of public emergency sirens, equipment purchases and funding for the Newton Housing Initiative Program. During the year ended June 30, 2020, the City paid \$48,000 of principal and \$42,842 of interest on the bonds. The bonds mature in fiscal year 2028.

On August 22, 2017, the City issued \$1,632,000 of general obligation urban renewal bonds with an interest rate of 2.10%. The bonds were issued for street, sanitary sewer system, storm water drainage, sidewalk improvements, installation of public emergency sirens, equipment purchases and funding for the Newton Housing Initiative Program. During the year ended June 30, 2020, the City paid \$29,000 of principal and \$33,915 of interest on the bonds. The bonds mature in fiscal year 2028.

On December 6, 2017, the City issued \$2,388,000 of general obligation urban renewal bonds with an interest rate of 3.42%. The bonds were issued for urban renewal projects, street improvements and downtown funding for development projects. During the year ended June 30, 2020, the City paid \$141,000 of principal and \$77,053 of interest on the bonds. The bonds mature in fiscal year 2032.

On May 24, 2018, the City issued \$450,000 of general obligation housing development notes with an interest rate of 1.00%. The notes were issued to provide a flexible program of financial assistance in the form of low-interest loans to provide workforce housing in needed areas. During the year ended June 30, 2020, the City paid \$20,526 of principal and \$4,969 of interest on the notes. The notes mature in fiscal year 2039.

On April 16, 2019, the City issued \$4,310,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 4.00% per annum. The bonds were issued for sanitary sewer system, storm water drainage, sidewalk, airport, parks, city hall, library, fire station, golf course, Maytag pool, parking lot and traffic control improvements, acquisition of abandoned properties, equipment purchases and the gas plant project. During the year ended June 30, 2020, the City paid \$100,000 of principal and \$167,217 of interest on the bonds. The bonds mature in fiscal year 2038.

On April 16, 2019, the City issued \$3,095,000 of general obligation urban renewal bonds with interest rates ranging from 2.85% to 3.60% per annum. The bonds were issued for urban renewal projects, sanitary sewer system, storm water drainage, sidewalk, airport, parks, city hall, library, fire station, golf course, Maytag pool, parking lot and traffic control improvements, acquisition of abandoned properties, equipment purchases and the gas plant project. During the year ended June 30, 2020 the City paid \$0 of principal and \$114,860 of interest on the bonds. The bonds mature in fiscal year 2034.

On November 7, 2019, the City issued \$1,995,000 of general obligation bonds with interest rates ranging from 1.85% to 3.13% per annum. The bonds were issued for refunding prior general obligation bonds. During the year ended June 30, 2020, the City paid \$65,000 of principal and \$27,576 of interest on the bonds. The bonds mature in fiscal year 2038.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

On April 6, 2020, the City issued \$2,340,000 of general obligation bonds with an interest rate of 3.00%. The bonds were issued for urban renewal projects, equipment purchases, sidewalk improvements and refunding prior callable general obligation bonds. During the year ended June 30, 2020, the City paid \$0 of principal and \$0 of interest on the bonds. The bonds mature in fiscal year 2039.

On April 6, 2020, the City issued \$1,230,000 of general obligation bonds with interest rates ranging from 2.61% to 3.55% per annum. The bonds were issued for paying the cost of acquiring, demolishing, and/or restoring dangerous, dilapidated and/or abandoned properties. During the year ended June 30, 2020, the City paid \$0 of principal and \$0 of interest on the bonds. The bonds mature in fiscal year 2039.

Revenue Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2,261,000 of sewer revenue notes issued in April 2002, \$2,561,000 issued in April 2007 and \$548,000 issued in January 2010. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes carry an interest rate of 1.75%, 1.75% and 3.00%, respectively and are payable solely from sewer customer net receipts and are payable through 2023, 2027 and 2030, respectively. Annual principal and interest payments on the notes required approximately 25% of net receipts during the year. The total principal and interest remaining to be paid on the notes is \$1,924,280. For the current year, principal and interest paid and total customer net receipts were \$334,040 and \$1,325,089, respectively.

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

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a sewer revenue note sinking account within the Enterprise, Sewer Fund for the purpose of making the note principal and interest payments when due.
- (c) User rates shall be established and charged to customers of the utility, including the City, to produce and maintain net receipts at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

NOTE 4 - IPERS PENSION PLAN

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

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

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

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

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

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

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

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

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.61% of covered payroll and the City contributed 9.91% of covered payroll, for a total rate of 16.52%.

The City's contributions to IPERS for the year ended June 30, 2020 totaled \$390,986.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$3,023,073 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the City's proportion was 0.064541%, which was an increase of 0.001790% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$563,202, \$482,062 and \$601,054 respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100%</u>	

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

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% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 5,405,017	\$ 3,023,073	\$ 1,025,170

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

NOTE 5 - MFPRSI PENSION PLAN

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

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

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

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen, plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

Active members at least 55 years of age with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. When electing to participate in DROP, the member signs a contract stating the member will retire at the end of the selected DROP period. During the DROP period, the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability benefits may be either accidental or ordinary. Accidental disability is defined as a permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation for those with 5 or more years of service or the member's service retirement benefit calculation amount and 25% of average final compensation for those with less than 5 years of service.

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

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

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2020.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 24.41% for the year ended June 30, 2020.

The City's contributions to MFPRSI for the year ended June 30, 2020 totaled \$801,647.

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

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2020.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$6,463,756 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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 MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2019, the City's proportion was 0.985439% which was a decrease of 0.079694% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$1,377,143, \$1,291,683, and \$477,060 respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 through June 30, 2017.

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap	5.5%
Small Cap	5.8%
International Large Cap	7.3%
Emerging Markets	9.0%
Emerging Markets Debt	6.3%
Private Non-Core Real Estate	8.0%
Master Limited Partnerships	9.0%
Private Equity	9.0%
Core Plus Fixed Income	3.3%
Private Core Real Estate	6.0%
Tactical Asset Allocation	6.4%

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net pension liability	\$ 10,524,128	\$ 6,463,756	\$ 3,100,973

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

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2020, the City contributed \$2,366,999 and plan members eligible for benefits contributed \$144,297 to the plan. At June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	123
Total	126

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 - COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensatory time and vacation payable to employees at June 30, 2020, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 758,000
Compensatory time	<u>28,000</u>
Total	<u>\$ 786,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2020.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Road Use Tax	\$ 50,500
	Urban Renewal Tax Increment	326,636
	Enterprise:	
	Sewer	200,000
	Landfill	200,000
		<u>777,136</u>
Special Revenue:	Special Revenue:	
Employee Benefits	Self Insurance	75,000
	Local Option Sales Tax	547,911
		<u>622,911</u>
Capital Projects	Special Revenue:	
	Urban Renewal Tax Increment	1,000
	Enterprise:	
	Sewer	491,718
		<u>492,718</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	2,235,657
	Enterprise:	
	Sewer	115,919
		<u>2,351,576</u>
Enterprise:	Capital Projects	
Sewer		<u>491,718</u>
Total		<u>\$ 4,736,059</u>

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - CLOSURE AND POSTCLOSURE CARE AND FINANCIAL ASSURANCE

To comply with federal and state regulations, the City is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills which receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that year. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology or applicable laws or regulations.

These costs for the City have been estimated at \$4,345,080 for closure and \$1,716,000 for postclosure, for a total of \$6,061,080 as of June 30, 2020. The estimated remaining life of the landfill is 135 years, with approximately 46% of the landfill's capacity used at June 30, 2020.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The City has begun to accumulate resources to fund these costs and, at June 30, 2020, assets of \$2,461,956 are restricted for these purposes. They are reported as restricted cash basis fund balance in the Enterprise, Landfill fund in the Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Proprietary Funds.

Also, pursuant to Chapter 567-113.14 of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the City is required to demonstrate financial assurance for the unfunded costs. The City has adopted the local government financial test financial assurance mechanism. Under this mechanism, the City must certify the following to the Iowa Department of Natural Resources:

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - CLOSURE AND POSTCLOSURE CARE AND FINANCIAL ASSURANCE -
Continued

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number of years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the City is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

NOTE 10 - SOLID WASTE TONNAGE FEES RETAINED

The City has established an account for restricting and using solid waste tonnage fees retained by the City in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2020, the City had unspent tonnage fees of \$155,628.

NOTE 11 - RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 11 - RISK MANAGEMENT - Continued

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

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2020 were \$196,862.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The City also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation and for the Newton Municipal Airport for liability insurance in the amount of \$1,000,000 and \$5,000,000, respectively. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 - DEVELOPMENT AGREEMENTS

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

The total amount rebated during the year ended June 30, 2020 was \$14,322. The estimated outstanding balance of the agreements at June 30, 2020 is \$2,087,644.

These agreements are not a general obligation of the City. However, the agreements are subject to the constitutional debt limitation of the City, except for the amounts which require an annual appropriation by the City Council. The amount of the development agreements subject to the constitutional debt limit at June 30, 2020 is \$ - 0 - .

NOTE 13 - CONSTRUCTION COMMITMENTS

The City has entered into construction contracts totaling approximately \$10,597,000 for street, sidewalk, trail, airport, sanitary sewer, landfill and sewer improvements. As of June 30, 2020, approximately \$7,131,000 had been paid on the contracts. The remaining \$3,466,000 will be paid from existing funds as work on the projects progresses.

NOTE 14 - DEFICIT BALANCES

The City had deficit balances at June 30, 2020, as follows:

<u>Fund</u>	<u>Amount</u>
Special Revenue:	
Speedway/Prairie Fire TIF	\$ 400,643
Enterprise:	
Golf	344,402

The deficit balances are the result of costs incurred prior to availability of funds. The deficit in the Enterprise, Golf Fund will be eliminated through future receipts. The deficits in the Special Revenue, Speedway/Prairie Fire TIF fund will be eliminated through future tax increment financing collections.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 15 - TAX ABATEMENTS

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

City Tax Abatements

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

For the year ended June 30, 2020, \$5,868 of property tax was diverted from the City under the urban renewal and economic development agreements.

NOTE 16 - DEFEASANCE OF DEBT

On November 7, 2019, the City issued \$1,995,000 of general obligation refunding bonds with an interest rate ranging from 1.85% to 3.13% per annum to current refund \$1,928,000 of general obligation urban renewal bonds dated March 19, 2018 with an average interest rate of 4.08%. The net proceeds of \$1,952,584 (after a bond discount of \$21,945, an original issue discount of \$5,696, and other issuance costs) were used to refund the debt. The refunding was undertaken to reduce total debt service payments over the next 18 years by \$98,131 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$141,311.

NOTE 17 - SUBSEQUENT EVENTS

The City has evaluated all subsequent events through January 8, 2021, the date the financial statements were available to be issued.

* * *

OTHER INFORMATION

CITY OF NEWTON, IOWA
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL
FUNDS AND PROPRIETARY FUNDS
OTHER INFORMATION

Year ended June 30, 2020

	<u>Cash Basis</u>		<u>(Unaudited)</u> <u>GAAP Basis</u> <u>Component Unit</u> Newton Municipal Waterworks Actual
	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	
Receipts:			
Property tax	\$ 7,416,512	\$ --	\$ --
Tax increment financing	2,027,592	--	--
Other city tax	2,030,278	--	--
Licenses and permits	247,113	--	--
Use of money and property	212,974	160,827	--
Intergovernmental	3,347,441	--	--
Charges for service	2,268,378	5,259,314	3,637,152
Special assessments	13,093	--	--
Miscellaneous	1,305,843	216,376	--
Total receipts	<u>18,869,224</u>	<u>5,636,517</u>	<u>3,637,152</u>
Disbursements:			
Public safety	7,080,878	--	--
Public works	3,592,615	--	--
Culture and recreation	2,398,550	--	--
Community and economic development	957,173	--	--
General government	1,207,102	--	--
Debt service	3,943,699	--	--
Capital projects	6,634,097	--	--
Business type activities	--	3,887,177	3,249,237
Total disbursements	<u>25,814,114</u>	<u>3,887,177</u>	<u>3,249,237</u>
Excess (deficiency) of receipts over (under) disbursements	(6,944,890)	1,749,340	387,915
Other financing sources (uses), net	<u>4,578,260</u>	<u>(514,964)</u>	<u>--</u>
Change in fund balances	(2,366,630)	1,234,376	387,915
Balances beginning of year	<u>11,432,441</u>	<u>8,353,367</u>	<u>6,084,911</u>
Balances end of year	<u>\$ 9,065,811</u>	<u>\$ 9,587,743</u>	<u>\$ 6,472,826</u>

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
\$ 7,416,512	\$ 7,510,478	\$ 7,510,478	\$(93,966)
2,027,592	2,088,844	2,088,844	(61,252)
2,030,278	2,018,549	2,018,549	11,729
247,113	357,650	357,650	(110,537)
373,801	278,810	278,810	94,991
3,347,441	3,303,293	3,305,218	42,223
11,164,844	10,229,155	10,229,155	935,689
13,093	21,500	21,500	(8,407)
<u>1,522,219</u>	<u>1,141,694</u>	<u>1,730,526</u>	<u>(208,307)</u>
<u>28,142,893</u>	<u>26,949,973</u>	<u>27,540,730</u>	<u>602,163</u>
7,080,878	7,245,266	7,360,266	279,388
3,592,615	3,199,896	3,849,896	257,281
2,398,550	2,652,872	2,656,216	257,666
957,173	1,005,042	1,137,042	179,869
1,207,102	1,218,428	1,253,428	46,326
3,943,699	3,860,998	6,360,998	2,417,299
6,634,097	7,787,200	9,487,200	2,853,103
<u>7,136,414</u>	<u>7,344,274</u>	<u>7,544,274</u>	<u>407,860</u>
<u>32,950,528</u>	<u>34,313,976</u>	<u>39,649,320</u>	<u>6,698,792</u>
(4,807,635)	(7,364,003)	(12,108,590)	7,300,955
<u>4,063,296</u>	<u>7,813,977</u>	<u>9,813,977</u>	<u>(5,750,681)</u>
(744,339)	449,974	(2,294,613)	1,550,274
<u>25,870,719</u>	<u>18,583,853</u>	<u>18,583,853</u>	<u>7,286,866</u>
<u>\$ 25,126,380</u>	<u>\$ 19,033,827</u>	<u>\$ 16,289,240</u>	<u>\$ 8,837,140</u>

CITY OF NEWTON, IOWA
NOTES TO OTHER INFORMATION -
BUDGETARY REPORTING

June 30, 2020

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis, except as noted below, following required public notice and hearing for all funds. The City's budget includes the Newton Municipal Waterworks, a component unit, not included in the City's financial statements because it uses a financial reporting framework which differs from the framework used by the City. Newton Municipal Waterworks budgets on the GAAP basis. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements/expenses known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements/expenses required to be budgeted include disbursements/expenses for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Permanent Funds, and Enterprise Funds. Although the budget document presents function disbursements/expenses by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements/expenses by \$5,335,344. The budget amendment is reflected in the final budgeted amounts.

CITY OF NEWTON, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST SIX YEARS*

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.064541%	0.062751%
City's proportionate share of the net pension liability	\$ 3,023,000	\$ 3,221,000
City's covered payroll	\$ 4,042,000	\$ 3,778,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	74.79%	85.26%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%

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

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.064586%	0.066760%	0.066986%	0.068103%
\$ 3,452,000	\$ 3,427,000	\$ 2,703,000	\$ 2,195,000
\$ 3,988,000	\$ 3,968,000	\$ 3,790,000	\$ 3,606,000
86.56%	86.37%	71.32%	60.87%
82.21%	81.82%	85.19%	87.61%

CITY OF NEWTON, IOWA
SCHEDULE OF CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 391,000	\$ 382,000	\$ 338,000	\$ 357,000
Contributions in relation to the statutorily required contribution	<u>(391,000)</u>	<u>(382,000)</u>	<u>(338,000)</u>	<u>(357,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 4,139,000	\$ 4,042,000	\$ 3,778,000	\$ 3,988,000
Contributions as a percentage of covered payroll	9.45%	9.45%	8.95%	8.95%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 355,000	\$ 339,000	\$ 322,000	\$ 305,000	\$ 280,000	\$ 237,000
<u>(355,000)</u>	<u>(339,000)</u>	<u>(322,000)</u>	<u>(305,000)</u>	<u>(280,000)</u>	<u>(237,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 3,968,000	\$ 3,790,000	\$ 3,606,000	\$ 3,520,000	\$ 3,470,000	\$ 3,410,000
8.95%	8.93%	8.93%	8.67%	8.07%	6.95%

CITY OF NEWTON, IOWA
NOTES TO OTHER INFORMATION - IPERS PENSION LIABILITY
YEAR ENDED JUNE 30, 2020

Changes of benefit terms:

There are no significant changes of benefit terms.

Changes of assumptions:

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

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

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

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

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

* * *

See accompanying independent auditor's report.

CITY OF NEWTON, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
FOR THE LAST SIX YEARS*

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.985439%	1.065133%
City's proportionate share of the net pension liability	\$ 6,464,000	\$ 6,342,000
City's covered payroll	\$ 2,982,000	\$ 3,096,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	216.77%	204.84%
MFPRSI's net position as a percentage of the total pension liability	79.94%	81.07%

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

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
1.059213%	1.064467%	1.090944%	1.065256%
\$ 6,212,000	\$ 6,656,000	\$ 5,125,000	\$ 3,862,000
\$ 3,000,000	\$ 2,885,000	\$ 2,861,000	\$ 2,815,000
207.07%	230.73%	179.13%	137.19%
80.60%	78.20%	83.04%	86.27%

CITY OF NEWTON, IOWA
SCHEDULE OF CITY CONTRIBUTIONS
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
FOR THE LAST TEN YEARS

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 802,000	\$ 776,000	\$ 795,000	\$ 778,000
Contributions in relation to the statutorily required contribution	<u>(802,000)</u>	<u>(776,000)</u>	<u>(795,000)</u>	<u>(778,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 3,284,000	\$ 2,982,000	\$ 3,096,000	\$ 3,000,000
Contributions as a percentage of covered payroll	24.42%	26.02%	25.68%	25.92%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 801,000	\$ 870,000	\$ 848,000	\$ 738,000	\$ 700,000	\$ 511,000
<u>(801,000)</u>	<u>(870,000)</u>	<u>(848,000)</u>	<u>(738,000)</u>	<u>(700,000)</u>	<u>(511,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 2,885,000	\$ 2,861,000	\$ 2,815,000	\$ 2,825,000	\$ 2,827,000	\$ 2,570,000
27.76%	30.41%	30.12%	26.12%	24.76%	19.90%

CITY OF NEWTON, IOWA
NOTES TO OTHER INFORMATION - MFPRSI PENSION LIABILITY
YEAR ENDED JUNE 30, 2020

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

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

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

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

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

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

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

CITY OF NEWTON, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2020

	<u>Special Revenue</u>			
	<u>Road Use Tax</u>	<u>Self Insurance</u>	<u>Housing Initiative</u>	<u>Local Option Sales Tax</u>
Receipts:				
Property tax	\$ --	\$ --	\$ --	\$ --
Other city tax	--	--	--	1,565,459
Use of money and property	--	--	4,338	--
Intergovernmental	1,960,724	--	--	--
Miscellaneous	--	54,404	48,603	--
Total receipts	<u>1,960,724</u>	<u>54,404</u>	<u>52,941</u>	<u>1,565,459</u>
Disbursements:				
Operating:				
Public safety	--	--	--	618,181
Public works	2,268,811	--	--	20,000
Culture and recreation	--	--	--	379,367
Community and economic development	31,778	--	79,123	--
General government	--	39,887	--	--
Total disbursements	<u>2,300,589</u>	<u>39,887</u>	<u>79,123</u>	<u>1,017,548</u>
Excess (deficiency) of receipts over (under) disbursements	(339,865)	14,517	(26,182)	547,911
Other financing sources (uses):				
Proceeds from sale of assets	--	--	2,700	--
Transfers out	(50,500)	(75,000)	--	(547,911)
Total other financing sources (uses)	<u>(50,500)</u>	<u>(75,000)</u>	<u>2,700</u>	<u>(547,911)</u>
Change in cash balances	(390,365)	(60,483)	(23,482)	--
Cash balances beginning of year	<u>992,897</u>	<u>111,533</u>	<u>303,130</u>	<u>--</u>
Cash balances end of year	<u>\$ 602,532</u>	<u>\$ 51,050</u>	<u>\$ 279,648</u>	<u>\$ --</u>

(continued next page)

Special Revenue		Permanent				
Self Supported Municipal Improvement District	Hometown Rewards	Cemetery Perpetual Care	Memorial Garden	Fred Maytag Park Endowment	Total	
\$ 17,035	\$ --	\$ --	\$ --	\$ --	\$ 17,035	
--	--	--	--	--	1,565,459	
34	--	--	--	--	4,372	
1,518	--	--	--	--	1,962,242	
365	--	--	--	--	103,372	
<u>18,952</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,652,480</u>	
--	--	--	--	--	618,181	
--	--	--	--	--	2,288,811	
--	--	--	--	--	379,367	
11,393	--	--	--	--	122,294	
--	--	--	--	--	39,887	
<u>11,393</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,448,540</u>	
7,559	--	--	--	--	203,940	
--	--	7,560	--	--	10,260	
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(673,411)</u>	
--	--	7,560	--	--	(663,151)	
<u>--</u>	<u>--</u>	<u>7,560</u>	<u>--</u>	<u>--</u>	<u>(459,211)</u>	
7,559	--	7,560	--	--	(459,211)	
6,112	11,144	292,625	49,570	233,320	2,000,331	
<u>\$ 13,671</u>	<u>\$ 11,144</u>	<u>\$ 300,185</u>	<u>\$ 49,570</u>	<u>\$ 233,320</u>	<u>\$ 1,541,120</u>	

CITY OF NEWTON, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2020

<u>Special Revenue</u>				
	<u>Road Use Tax</u>	<u>Self Insurance</u>	<u>Housing Initiative</u>	<u>Local Option Sales Tax</u>
Cash Basis Fund Balances				
Nonspendable:				
Cemetery perpetual care	\$ --	\$ --	\$ --	\$ --
Park endowment	--	--	--	--
Restricted for:				
Streets	602,532	--	--	--
Housing initiative	--	--	279,648	--
Other purposes	<u> --</u>	<u> 51,050</u>	<u> --</u>	<u> --</u>
Total cash basis fund balance	<u>\$ 602,532</u>	<u>\$ 51,050</u>	<u>\$ 279,648</u>	<u>\$ --</u>

See accompanying independent auditor's report.

<u>Special Revenue</u>		<u>Permanent</u>			<u>Total</u>
<u>Self Supported Municipal Improvement District</u>	<u>Hometown Rewards</u>	<u>Cemetery Perpetual Care</u>	<u>Memorial Garden</u>	<u>Fred Maytag Park Endowment</u>	
\$ --	\$ --	\$ 300,185	\$ 49,570	\$ --	\$ 349,755
--	--	--	--	233,320	233,320
--	--	--	--	--	602,532
--	--	--	--	--	279,648
<u>13,671</u>	<u>11,144</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>75,865</u>
<u>\$ 13,671</u>	<u>\$ 11,144</u>	<u>\$ 300,185</u>	<u>\$ 49,570</u>	<u>\$ 233,320</u>	<u>\$ 1,541,120</u>

CITY OF NEWTON, IOWA
SCHEDULE OF INDEBTEDNESS
Year ended June 30, 2020

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General Obligation Notes and Bonds:			
2012 G.O. Corporate Refunding Bonds	June 27, 2012	1.00 - 2.25%	\$ 9,385,000
2014A G.O. Urban Renewal Bonds	June 18, 2014	2.00 - 2.90%	4,330,000
2014B G.O. Urban Renewal Bonds	June 18, 2014	2.00 - 2.15%	2,525,000
2015A G.O. Urban Renewal Bonds	June 30, 2015	2.00 - 2.95%	4,790,000
2015B G.O. Urban Renewal Bonds	June 30, 2015	2.00 - 3.00%	4,705,000
2017A G.O. Urban Renewal Bonds	August 22, 2017	3.10%	1,448,000
2017B G.O. Urban Renewal Bonds	August 22, 2017	2.10%	1,632,000
2017C G.O. Urban Renewal Bonds	December 6, 2017	3.42%	2,388,000
2018A G.O. Urban Renewal Bonds	March 19, 2018	4.08%	1,971,000
2018 Housing Development Loan	May 24, 2018	1.00%	450,000
2019A G.O. Urban Renewal Bonds	April 16, 2019	2.00 - 4.00%	4,310,000
2019B G.O. Urban Renewal Bonds	April 16, 2019	2.85 - 3.60%	3,095,000
2019C G.O. Refunding Bonds	November 7, 2019	1.85 - 3.13%	1,995,000
2020A G.O. Corporate Purpose Bonds	April 6, 2020	3.00%	2,340,000
2020B G.O. Corporate Purpose Bonds	April 6, 2020	2.61 - 3.55%	1,230,000
Total General Obligation Notes and Bonds			
Revenue Notes:			
2002 Sewer Revenue Capital Loan	April 3, 2002	1.75%	2,261,000
2007 Sewer Revenue Capital Loan	April 5, 2007	1.75%	2,561,000
2010 Sewer Revenue Capital Loan	January 13, 2010	3.00%	548,000
Total Revenue Notes			

See accompanying independent auditor's report.

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
\$ 5,290,000	\$ --	\$ 845,000	\$ 4,445,000	\$ 99,620
1,715,000	--	655,000	1,060,000	41,375
1,540,000	--	155,000	1,385,000	31,753
3,430,000	--	540,000	2,890,000	85,925
3,510,000	--	430,000	3,080,000	80,087
1,382,000	--	48,000	1,334,000	42,842
1,615,000	--	29,000	1,586,000	33,915
2,253,000	--	141,000	2,112,000	77,053
1,928,000	--	1,928,000	--	34,088
337,000	113,000	20,526	429,474	4,969
4,310,000	--	100,000	4,210,000	167,217
3,095,000	--	--	3,095,000	114,860
--	1,995,000	65,000	1,930,000	27,576
--	2,340,000	--	2,340,000	--
--	1,230,000	--	1,230,000	--
<u>\$30,405,000</u>	<u>\$5,678,000</u>	<u>\$4,956,526</u>	<u>\$ 31,126,474</u>	<u>\$ 841,280</u>
\$ 565,000	\$ --	\$ 135,000	\$ 430,000	\$ 9,887
1,219,000	--	136,000	1,083,000	21,333
294,000	--	23,000	271,000	8,820
<u>\$ 2,078,000</u>	<u>\$ --</u>	<u>\$ 294,000</u>	<u>\$ 1,784,000</u>	<u>\$ 40,040</u>

CITY OF NEWTON, IOWA
BOND AND NOTE MATURITIES
June 30, 2020

Year ending June 30,	General Obligation Bonds and Notes			
	2012 Corporate Refunding Bonds		2014A Urban Renewal Bonds	
	Issued June 27, 2012		Issued June 18, 2014	
	Interest Rates	Amount	Interest Rates	Amount
2021	1.65%	\$ 860,000	2.45%	\$ 480,000
2022	1.80%	870,000	2.70%	480,000
2023	2.00%	885,000	2.90%	100,000
2024	2.00%	905,000		--
2025	2.25%	925,000		--
2026		--		--
2027		--		--
2028		--		--
		<u>\$4,445,000</u>		<u>\$1,060,000</u>

Year ending June 30,	General Obligation Bonds and Notes			
	2017B Urban Renewal Bonds		2017C Urban Renewal Bonds	
	Issued August 22, 2017		Issued December 6, 2017	
	Interest Rates	Amount	Interest Rates	Amount
2021	2.10%	\$ 105,000	3.42%	\$ 145,000
2022	2.10%	104,000	3.42%	150,000
2023	2.10%	153,000	3.42%	157,000
2024	2.10%	157,000	3.42%	161,000
2025	2.10%	162,000	3.42%	165,000
2026	2.10%	166,000	3.42%	172,000
2027	2.10%	397,000	3.42%	178,000
2028	2.10%	342,000	3.42%	184,000
2029		--	3.42%	190,000
2030		--	3.42%	196,000
2031		--	3.42%	204,000
2032		--	3.42%	210,000
2033		--		--
2034		--		--
2035		--		--
2036		--		--
2037		--		--
2038		--		--
2039		--		--
		<u>\$1,586,000</u>		<u>\$2,112,000</u>

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General Obligation Bonds and Notes

2014B Urban Renewal Bonds Issued June 18, 2014		2015A Urban Renewal Bonds Issued June 30, 2015		2015B Urban Renewal Bonds Issued June 30, 2015		2017A Urban Renewal Bonds Issued August 22, 2017	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2.00%	\$ 165,000	2.20%	\$ 550,000	2.00%	\$ 520,000	3.10%	\$ 79,000
2.00%	175,000	2.40%	565,000	3.00%	490,000	3.10%	109,000
2.00%	410,000	2.60%	575,000	2.00%	590,000	3.10%	118,000
2.15%	635,000	2.80%	590,000	2.25%	335,000	3.10%	123,000
--	--	2.95%	610,000	2.25%	630,000	3.10%	128,000
--	--	--	--	2.50%	515,000	3.10%	133,000
--	--	--	--	--	--	3.10%	351,000
--	--	--	--	--	--	3.10%	293,000
	<u>\$1,385,000</u>		<u>\$2,890,000</u>		<u>\$3,080,000</u>		<u>\$1,334,000</u>

General Obligation Bonds and Notes

2018 Housing Development Refunding Notes Issued May 24, 2018		2019A Urban Renewal Bonds Issued April 16, 2019		2019B Urban Renewal Bonds Issued April 16, 2019		2019C Refunding Bonds Issued November 7, 2019	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
1.00%	\$ 21,254	2.00%	\$ 170,000		\$ --	1.85%	\$ 60,000
1.00%	21,467	2.00%	170,000		--	1.85%	70,000
1.00%	21,683	2.00%	170,000		--	1.85%	120,000
1.00%	21,900	2.00%	195,000	2.85%	75,000	2.13%	125,000
1.00%	22,120	3.00%	215,000	2.85%	180,000	2.13%	125,000
1.00%	22,341	3.00%	200,000	3.00%	275,000	2.13%	130,000
1.00%	22,565	3.50%	210,000	3.05%	290,000	2.13%	135,000
1.00%	22,791	3.50%	215,000	3.15%	295,000	2.44%	135,000
1.00%	23,020	3.75%	225,000	3.25%	305,000	2.44%	135,000
1.00%	23,251	3.75%	230,000	3.35%	310,000	2.44%	140,000
1.00%	23,484	3.75%	245,000	3.45%	325,000	2.78%	145,000
1.00%	23,719	3.75%	255,000	3.50%	335,000	2.78%	150,000
1.00%	23,957	4.00%	255,000	3.55%	345,000	2.78%	150,000
1.00%	24,197	4.00%	270,000	3.60%	360,000	2.78%	60,000
1.00%	24,440	4.00%	280,000		--	3.13%	60,000
1.00%	24,685	4.00%	290,000		--	3.13%	60,000
1.00%	24,932	4.00%	305,000		--	3.13%	65,000
1.00%	25,182	4.00%	310,000		--	3.13%	65,000
1.00%	12,486	--	--		--		--
	<u>\$ 429,474</u>		<u>\$4,210,000</u>		<u>\$3,095,000</u>		<u>\$1,930,000</u>

CITY OF NEWTON, IOWA
BOND AND NOTE MATURITIES - Continued
June 30, 2020

Year ending June 30,	General Obligation Bonds and Notes				
	2020A Corporate Purpose Bonds		2020B Corporate Purpose Bonds		Total
	Issued		Issued		
	April 6, 2020		April 6, 2020		
	Interest Rates	Amount	Interest Rates	Amount	
2021		\$ --		\$ --	\$ 3,155,254
2022		--		--	3,204,467
2023		--		--	3,299,683
2024		--		--	3,322,900
2025	3.00%	125,000	2.61%	65,000	3,352,120
2026	3.00%	135,000	2.61%	70,000	1,818,341
2027	3.00%	135,000	2.61%	70,000	1,788,565
2028	3.00%	140,000	2.61%	70,000	1,696,791
2029	3.00%	140,000	2.61%	75,000	1,093,020
2030	3.00%	150,000	2.61%	75,000	1,124,251
2031	3.00%	150,000	3.55%	80,000	1,172,484
2032	3.00%	155,000	3.55%	80,000	1,208,719
2033	3.00%	160,000	3.55%	85,000	1,018,957
2034	3.00%	165,000	3.55%	85,000	964,197
2035	3.00%	170,000	3.55%	90,000	624,440
2036	3.00%	170,000	3.55%	90,000	634,685
2037	3.00%	180,000	3.55%	95,000	669,932
2038	3.00%	185,000	3.55%	100,000	685,182
2039	3.00%	180,000	3.55%	100,000	292,486
		<u>\$2,340,000</u>		<u>\$1,230,000</u>	<u>\$ 31,126,474</u>

(continued next page)

CITY OF NEWTON, IOWA
BOND AND NOTE MATURITIES - Continued
June 30, 2020

Year ending, June 30,	Revenue Notes			
	2002 Sewer Revenue Capital Loan Note		2007 Sewer Revenue Capital Loan Note	
	Issued April 3, 2002		Issued April 5, 2007	
	Interest Rates	Amount	Interest Rates	Amount
2021	1.75%	\$ 139,000	1.75%	\$ 140,000
2022	1.75%	143,000	1.75%	145,000
2023	1.75%	148,000	1.75%	150,000
2024		--	1.75%	154,000
2025		--	1.75%	159,000
2026		--	1.75%	165,000
2027		--	1.75%	170,000
2028		--		--
2029		--		--
2030		--		--
		<u>\$ 430,000</u>		<u>\$1,083,000</u>

See accompanying independent auditor's report.

<u>Revenue Notes</u>		
<u>2010 Sewer Revenue</u>		
<u>Capital Loan Note</u>		
<u>Issued</u>		
<u>January 13, 2010</u>		
<u>Interest</u>		
<u>Rates</u>	<u>Amount</u>	<u>Total</u>
3.00%	\$ 23,000	\$ 302,000
3.00%	24,000	312,000
3.00%	25,000	323,000
3.00%	26,000	180,000
3.00%	27,000	186,000
3.00%	28,000	193,000
3.00%	28,000	198,000
3.00%	29,000	29,000
3.00%	30,000	30,000
3.00%	<u>31,000</u>	<u>31,000</u>
	<u>\$ 271,000</u>	<u>\$ 1,784,000</u>

CITY OF NEWTON, IOWA
SCHEDULE OF RECEIPTS BY SOURCE AND
DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS
For the Last Ten Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Receipts:				
Property tax	\$ 7,416,512	\$ 7,305,140	\$ 7,549,456	\$ 7,370,516
Tax increment financing	2,027,592	2,020,002	1,881,301	2,032,186
Other city tax	2,030,278	1,975,191	1,875,554	2,142,449
Licenses and permits	247,113	330,087	315,814	388,274
Use of money and property	212,974	215,295	180,398	131,458
Intergovernmental	3,347,441	3,955,163	2,947,723	4,208,532
Charges for service	2,268,378	2,000,045	2,049,922	1,923,732
Special assessments	13,093	13,323	15,105	39,173
Miscellaneous	<u>1,305,843</u>	<u>1,251,310</u>	<u>1,068,985</u>	<u>1,336,748</u>
Total	<u>\$ 18,869,224</u>	<u>\$ 19,065,556</u>	<u>\$ 17,884,258</u>	<u>\$ 19,573,068</u>
Disbursements:				
Operating:				
Public safety	\$ 7,080,878	\$ 6,968,458	\$ 6,960,609	\$ 6,755,455
Public works	3,592,615	3,133,770	3,075,700	3,304,874
Health and social services	--	--	--	--
Culture and recreation	2,398,550	2,476,301	2,120,351	2,063,856
Community and economic development	957,173	1,248,855	2,304,185	1,732,006
General government	1,207,102	1,308,975	1,217,936	1,252,386
Debt service	3,943,699	3,684,522	3,522,476	3,286,679
Capital projects	<u>6,634,097</u>	<u>5,815,461</u>	<u>4,995,679</u>	<u>5,241,281</u>
Total	<u>\$ 25,814,114</u>	<u>\$ 24,636,342</u>	<u>\$ 24,196,936</u>	<u>\$ 23,636,537</u>

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 7,025,573	\$ 6,917,971	\$ 6,793,884	\$ 6,646,452	\$ 6,495,477	\$ 6,293,597
2,508,520	2,444,811	2,717,402	2,560,585	2,909,173	1,347,281
1,845,968	341,759	1,746,337	1,604,454	1,707,571	1,703,058
341,597	323,716	299,981	307,552	275,515	155,019
133,030	123,333	113,561	116,361	93,264	109,517
3,630,008	3,686,731	2,441,344	2,440,079	2,367,894	4,103,067
1,817,922	1,730,308	1,828,431	1,845,139	1,797,054	2,112,552
25,461	18,911	22,316	22,014	18,308	23,864
<u>883,883</u>	<u>873,919</u>	<u>727,280</u>	<u>594,484</u>	<u>596,567</u>	<u>1,177,272</u>
<u>\$ 18,211,962</u>	<u>\$ 16,461,459</u>	<u>\$ 16,690,536</u>	<u>\$ 16,137,120</u>	<u>\$ 16,260,823</u>	<u>\$ 17,025,227</u>
\$ 6,573,415	\$ 6,618,231	\$ 6,429,196	\$ 6,353,118	\$ 5,717,661	\$ 5,410,336
3,331,047	3,063,416	2,728,791	2,707,209	2,558,601	2,409,348
--	--	--	--	153,374	12,083
2,103,157	1,975,189	1,994,009	1,875,748	1,917,021	1,960,709
1,974,731	2,604,430	1,417,245	2,421,712	2,405,218	737,015
1,214,456	1,279,714	1,203,719	1,112,059	1,102,944	1,553,181
3,033,811	2,729,522	4,006,361	2,137,456	2,357,739	5,914,670
<u>4,681,791</u>	<u>1,564,457</u>	<u>520,188</u>	<u>297,887</u>	<u>810,310</u>	<u>3,620,110</u>
<u>\$ 22,912,408</u>	<u>\$ 19,834,959</u>	<u>\$ 18,299,509</u>	<u>\$ 16,905,189</u>	<u>\$ 17,022,868</u>	<u>\$ 21,617,452</u>

COMPLIANCE SECTION

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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DAVID A. GINTHER

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

To the Honorable Mayor and
Members of the City Council

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Newton, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 8, 2021. Our report expressed adverse and unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Newton's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Newton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Newton's internal control.

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

To the Honorable Mayor and
Members of the City Council

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies: 20-I-A.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Newton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters which are required to be reported under Government Auditing Standards. However, we noted a certain immaterial instance of non-compliance or other matters which is described in Part II of the accompanying Schedule of Findings and Responses.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 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.

Responses to Findings

The City of Newton's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Newton's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

James W. Bell, Jr., CPA

Atlantic, Iowa
January 8, 2021

CITY OF NEWTON, IOWA
Schedule of Findings and Responses
Year ended June 30, 2020

PART I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

20-I-A Segregation of Duties:

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

Condition: A limited number of people have the primary responsibility for most of the accounting and financial reporting duties.

Cause: The City has a limited number of employees which does not allow procedures to be established to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

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

Recommendation: The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response: The City Council and Mayor are aware of this lack of segregation of duties, but it is not economically feasible for the City to employ additional personnel for this reason. The City Council and Mayor will continue to act as an oversight group.

Conclusion: Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

CITY OF NEWTON, IOWA
Schedule of Findings and Responses
Year ended June 30, 2020

PART II: Other Findings Related to Required Statutory Reporting

20-II-A Certified Budget: Disbursements during the year ended June 30, 2020 did not exceed the amounts budgeted.

20-II-B Questionable Disbursements: During the audit, we did not note any disbursements that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

20-II-C Travel Expense: No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

20-II-D Business Transactions: In accordance with Chapter 362.5 of the Code of Iowa, no transactions between the City and the City officials and City employees were noted that represented conflicts of interest.

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

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

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

20-II-H Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

20-II-I Revenue Notes: No instances of non-compliance with the revenue note resolutions were noted.

20-II-J Urban Renewal Annual Report: The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

20-II-K Solid Waste Fees Retainage: No instances of non-compliance with the solid waste fees used in accordance with the provisions of Chapter 455B.310 of the Code of Iowa were noted.

20-II-L Financial Assurance: The City has met the closure and postclosure care financial assurance requirements issued by the Iowa Department of Natural Resources by complying with the local government financial test as specified in Iowa Administrative Code Chapter 567-113.14(6)(f).

CITY OF NEWTON, IOWA
Schedule of Findings and Responses
Year ended June 30, 2020

PART II: Other Findings Related to Required Statutory Reporting - Continued

20-II-M Financial Condition: The City had deficit balances in the following funds at June 30, 2020:

Special Revenue:		
Speedway/Prairie Fire Tax Increment Financing	\$	400,643
Enterprise:		
Golf		344,402

Recommendation: The City should investigate alternatives to eliminate these deficits to return these funds to a sound financial position.

Response: The City will continue to monitor funds with a deficit balance and develop strategies to return these funds to a sound financial position.

Conclusion: Response accepted.

20-II-N Tax Increment Financing (TIF): Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid. No exceptions were noted.

20-II-O Economic Development: During the year ended June 30, 2020, the City paid \$47,600 to Newton Housing Development Corporation and \$100,000 to Newton Development Corporation. The City Council has documented the public benefits received from this expenditure, however, it is disclosed here for public information.

According to Chapter 15A of the Code of Iowa and an Attorney General's opinion dated August 28, 1986, government financing of economic development may, in appropriate circumstances, serve a public purpose. The opinion advises the governing body to evaluate the public benefits to be obtained and discusses the specific criteria to be considered in documenting public purpose.

Recommendation: The Council should continue to evaluate and document the public purpose served by these expenditures before authorizing further payments.

Response: We will continue to evaluate and document the public purpose in the future.

Conclusion: Response accepted.

* * *

STATISTICAL SECTION

Table 1

CITY OF NEWTON
TAX INCREMENT FINANCING FUND - SCHEDULE OF CASH RECEIPTS
DISBURSEMENTS AND CASH BALANCE
INCEPTION TO JUNE 30, 2020

Operating Receipts

Bond Proceeds	31,724,268
Interest on Investments	218,621
Sale of Property	1,795,119
Property Taxes	41,740,931
Intergovernmental	11,173,028
Miscellaneous	3,407,425
	<u>90,059,392</u>

Operating Disbursements

Property acquisition and improvement	9,694,844
Property demolition	966,390
Economic Development grants	20,403,048
Legal and administrative	1,474,644
Property Taxes	97,338
Relocation	47,050
Contractual Services	5,000
Operating Supplies	15,139
Structures	62,756
Refunds and Property Tax Rebates	4,930,013
Revenue bond principal	5,074,852
Revenue Bond interest	896,194
Street Improvements	1,242,670
City Hall site improvements	550,127
Private Development improvements	462,406
Skiff Medical Center	280,000
Manufactured Gas Plant	3,253
Lighting and landscaping	431,730
Storage yard	578,063
Payment to other agencies	610,369
	<u>47,825,886</u>
Operating receipts over operating disbursements	<u>42,233,506</u>

Other transactions:

Transfer to Debt Service Fund - bond interest	(37,104,434)
Transfer to General Fund - economic development	(5,315,351)
Transfer to Central Business District	(2,500)
Transfer to Employee Benefits Fund	(272,975)
Transfer to Capital Projects Fund	(910,709)
Transfer to Sewer Fund	(547,555)
Transfer to Hotel/Motel Tax Fund	(131,390)
Interfund Loan	1,876,639
Cash and investment balance at June 30, 2020	<u>(174,769)</u>

Note: During the fiscal year 1988, the City established a tax increment financing district to generate revenues to assist the City in funding responsibility for an urban renewal plan. Under the urban renewal plan, the City purchases properties located within the district to be demolished for development. The City issued bonds to initially fund this plan, which will be retired from fund revenues through transfers to the Debt Service Fund.

Table 2

CITY OF NEWTON
COMPARISON OF ENTERPRISE FUNDS CHARGES FOR
SERVICES RECEIPTS

Year Ended June 30	Sewer	Landfill	Golf
2011	1,777,277	1,333,719	407,474
2012	2,074,418	1,314,130	353,937
2013	2,546,212	1,516,748	305,269
2014	2,556,779	1,465,029	359,853
2015	2,648,707	1,596,609	324,160
2016	2,581,415	1,686,673	343,840
2017	2,552,667	1,781,784	301,814
2018	2,744,092	1,802,836	301,979
2019	2,764,210	2,229,567	261,236
2020	2,976,127	2,002,724	280,463

CITY OF NEWTON
COMPARATIVE TOTAL AND PER CAPITA FUNCTION DISBURSEMENTS

Year Ended	Population	Public Safety Disbursements		Public Works Disbursements		Health and Social Services Disbursements		Culture & Recreation Disbursements		Community and Economic Development Disbursements	
		Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
<u>June 30</u>	<u>Per Census</u>										
2011	15,254**	\$ 5,414,879	\$ 354.98	\$ 2,410,052	\$ 157.99	\$ 12,083	\$ 0.79	\$ 1,961,802	\$ 128.61	\$ 737,224	\$ 48.33
2012	15,254**	\$ 5,717,661	\$ 374.83	\$ 2,558,601	\$ 167.73	\$ 153,374	\$ 10.05	\$ 1,917,021	\$ 125.67	\$ 2,405,218	\$ 157.68
2013	15,254**	\$ 6,353,118	\$ 416.49	\$ 2,707,209	\$ 177.48	\$ -	\$ -	\$ 1,875,748	\$ 122.97	\$ 2,421,712	\$ 158.76
2014	15,254**	\$ 6,429,196	\$ 421.48	\$ 2,728,791	\$ 178.89	\$ -	\$ -	\$ 1,994,009	\$ 130.72	\$ 1,417,245	\$ 92.91
2015	15,254**	\$ 6,618,231	\$ 433.87	\$ 3,063,416	\$ 200.83	\$ -	\$ -	\$ 1,975,189	\$ 129.49	\$ 2,604,430	\$ 170.74
2016	15,254**	\$ 6,573,415	\$ 430.93	\$ 3,331,047	\$ 218.37	\$ -	\$ -	\$ 2,103,157	\$ 137.88	\$ 1,974,731	\$ 129.46
2017	15,254**	\$ 6,755,455	\$ 442.86	\$ 3,304,874	\$ 216.66	\$ -	\$ -	\$ 2,063,856	\$ 135.30	\$ 1,732,006	\$ 113.54
2018	15,254**	\$ 6,960,609	\$ 456.31	\$ 3,075,700	\$ 201.63	\$ -	\$ -	\$ 2,120,351	\$ 139.00	\$ 2,304,185	\$ 151.05
2019	15,254**	\$ 6,968,458	\$ 456.83	\$ 3,133,770	\$ 205.44	\$ -	\$ -	\$ 2,476,301	\$ 162.34	\$ 1,248,855	\$ 81.87
2020	15,254**	\$ 7,080,878	\$ 464.20	\$ 3,592,615	\$ 235.52	\$ -	\$ -	\$ 2,398,550	\$ 157.24	\$ 957,173	\$ 62.75

**2010 census figures

Note: Beginning in 2011 fiscal year the City began reporting the Skiff
Medical Center as an Enterprise Fund.

Table 3

General Government Disbursements		Debt Service Disbursements		Capital Projects Disbursements		Business Type Activities Disbursements		Total Disbursements	
<u>Total</u>	<u>Per Capita</u>	<u>Total</u>	<u>Per Capita</u>	<u>Total</u>	<u>Per Capita</u>	<u>Total</u>	<u>Per Capita</u>	<u>Total</u>	<u>Per Capita</u>
\$ 1,555,017	\$ 101.94	\$ 5,914,670	\$ 387.75	\$ 3,620,110	\$ 237.32	\$ 39,733,332	\$ 2,604.78	\$ 61,359,169	\$ 4,022.50
\$ 1,102,944	\$ 72.31	\$ 2,357,739	\$ 154.57	\$ 810,310	\$ 53.12	\$ 39,634,526	\$ 2,598.30	\$ 56,657,394	\$ 3,714.26
\$ 1,112,059	\$ 72.90	\$ 2,137,456	\$ 140.12	\$ 297,887	\$ 19.53	\$ 3,760,471	\$ 246.52	\$ 20,665,660	\$ 1,354.77
\$ 1,203,719	\$ 78.91	\$ 4,006,361	\$ 262.64	\$ 520,188	\$ 34.10	\$ 5,419,379	\$ 355.28	\$ 23,718,888	\$ 1,554.93
\$ 1,279,714	\$ 83.89	\$ 2,729,522	\$ 178.94	\$ 1,564,457	\$ 102.56	\$ 3,063,934	\$ 200.86	\$ 22,898,893	\$ 1,501.17
\$ 1,214,456	\$ 79.62	\$ 3,033,811	\$ 198.89	\$ 4,681,791	\$ 306.92	\$ 4,355,308	\$ 285.52	\$ 27,267,716	\$ 1,787.58
\$ 1,252,386	\$ 82.10	\$ 3,286,679	\$ 215.46	\$ 5,241,281	\$ 343.60	\$ 4,352,732	\$ 285.35	\$ 27,989,269	\$ 1,834.88
\$ 1,217,936	\$ 79.84	\$ 3,522,476	\$ 230.92	\$ 4,995,679	\$ 327.50	\$ 4,008,685	\$ 262.80	\$ 28,205,621	\$ 1,849.06
\$ 1,308,975	\$ 85.81	\$ 3,684,522	\$ 241.54	\$ 5,815,461	\$ 381.24	\$ 4,173,108	\$ 273.57	\$ 28,809,450	\$ 1,888.65
\$ 1,207,102	\$ 79.13	\$ 3,943,699	\$ 258.54	\$ 6,634,097	\$ 434.91	\$ 3,887,177	\$ 254.83	\$ 29,701,291	\$ 1,947.11

Table 4

CITY OF NEWTON
COMPARATIVE PROPERTY TAX RECEIPTS BY FUND

<u>Year Ended June 30</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>
2011 *	4,915,611	2,189,531	915,377
2012	3,669,772	2,037,155	788,550
2013	3,845,539	2,228,337	572,577
2014	3,850,520	2,383,477	555,274
2015	3,749,275	2,461,295	695,592
2016	3,732,902	2,535,755	756,916
2017	3,696,606	2,556,746	1,117,164
2018	3,808,571	2,600,795	1,140,090
2019	3,655,380	2,509,325	1,140,435
2020	3,723,880	2,586,431	1,106,201

*For fiscal year 2011, amounts include special assessments local option sales tax, hotel/motel tax receipts and utility excise replacement tax in addition to property tax

CITY OF NEWTON
COMPARATIVE PROPERTY TAX LEVIES AND COLLECTIONS

<u>Year Ended June 30</u>	<u>Collection Year Ended June 30</u>	<u>Total Property Tax Levy</u>	<u>Current Property Tax Collections</u>
2010	2011	6,434,266	6,293,014
2011	2012	6,536,879	6,493,334
2012	2013	6,832,774	6,645,488
2013	2014	6,942,281	6,789,263
2014	2015	7,108,466	7,117,076
2015	2016	7,242,751	7,230,604
2016	2017	7,555,603	7,551,009
2017	2018	7,699,692	7,724,200
2018	2019	7,512,096	7,476,652
2019	2020	7,682,105	7,596,402

Table 5

<u>Percent Of Property Tax Levy Collected</u>	<u>Delinquent Property Tax Collections</u>	<u>TIF Property Tax Collections</u>	<u>Total Property Tax Collections</u>
97.80%	583	1,347,281	7,640,878
99.33%	2,143	2,909,173	9,404,650
97.26%	965	2,560,584	9,207,037
97.80%	8	2,717,401	9,506,672
100.12%	2,048	2,444,811	9,563,935
99.83%	-9,321	2,508,520	9,729,803
99.94%	352	2,032,186	9,583,547
100.32%	-577	1,881,301	9,604,924
99.53%	174	2,020,002	9,496,828
98.88%	2,518	2,027,592	9,626,512

CITY OF NEWTON
COMPARATIVE PROPERTY TAX RATES PER \$1,000 OF
ASSESSED VALUATION

Levy Year	Collection Year Ended June 30	Levy for			
		Newton School District	City of Newton	Jasper County	Area Schools
2010	2011	16.72645	15.34596	8.38776	0.56008
2011	2012	16.23768	15.30305	8.62582	0.59018
2012	2013	15.96319	14.99630	7.66830	0.58466
2013	2014	15.15308	14.66304	7.23964	0.68147
2014	2015	14.71796	15.80911	7.63891	0.65599
2015	2016	15.57662	16.19936	7.84733	0.67565
2016	2017	15.81157	17.14677	8.25538	0.72504
2017	2018	15.80758	17.14000	8.25967	0.67452
2018	2019	15.77415	17.14000	8.25967	0.69468
2019	2020	15.79274	17.14000	8.25697	0.65249

Table 6

Extension Council	County Assessor	Tuberculosis Eradication	Total	Percent of City of Newton Levy to Total Levy
0.17318	0.42448	0.00340	41.62131	36.87%
0.16758	0.41948	0.00320	41.34699	37.01%
0.16027	0.39701	0.00330	39.77303	37.70%
0.15695	0.39051	0.00000	38.28469	38.30%
0.18436	0.27962	0.00330	39.28925	40.24%
0.17502	0.22386	0.00407	40.70191	39.80%
0.17384	0.28408	0.00424	42.40092	40.44%
0.16992	0.39658	0.00421	42.45248	40.37%
0.18527	0.36790	0.00035	42.42202	40.40%
0.17922	0.40028	0.00032	42.42202	40.40%

Table 7

CITY OF NEWTON
COMPARATIVE RATIO OF GENERAL OBLIGATIONS BONDED DEBT TO TAXABLE VALUE
AND GENERAL OBLIGATION BONDED DEBT PER CAPITA

Date	Population Per Census	Taxable Value (Agriculture Land Included)	General Obligation Bonded Debt	Ratio of General Obligation Bonded Debt to Taxable Value	General Obligation Bonded Debt Per Capita
6/30/2011	15,254**	454,143,296	24,303,000 (1)	0.053514	1,593.22
6/30/2012	15,254**	510,841,569	28,090,000 (2)	0.054988	1,841.48
6/30/2013	15,254**	536,167,609	26,860,000 (2)	0.050096	1,760.85
6/30/2014	15,254**	544,823,839	21,525,000	0.039508	1,411.11
6/30/2015	15,254**	524,874,705	26,190,000	0.049898	1,716.93
6/30/2016	15,254**	519,091,987	23,750,000	0.045753	1,556.97
6/30/2017	15,254**	497,553,581	21,025,000	0.042257	1,378.33
6/30/2018	15,254**	507,342,971	25,601,000	0.050461	1,678.31
6/30/2019	15,254**	510,307,661	30,405,000	0.059582	1,993.25
6/30/2020	15,254**	547,571,015	31,126,474	0.056845	2,040.55

** 2010 census figures

(1) Includes capital loan notes and bonds payable.

(2) Includes capital loan notes of \$9,065,000 for which
the cross-over refunding call date is June 1, 2014

Table 8

CITY OF NEWTON, IOWA
SEWER FUND DATA
JUNE 30, 2020

Sewer customers served at June 30, 2020 6,290

Sewer rates in effect at June 30, 2020

Minimum charge of \$12.52 per month plus \$4.01/100 cubic feet over the first 200 cubic feet used.

A surcharge factor is levied for the following customers whose waste waters exceed normal domestic waste water:

<u>Customer Type</u>	<u>Surcharge Factor</u>
Laundry, including industrial laundries, commercial laundries, and laundromatic	1.2
Car washes	1.3
Restaurants - including quick service and sit-down types	1.6
Bakeries	1.4
Nursing homes	1.6
Correctional Facilities	1.4

CITY OF NEWTON, IOWA
 MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
 JUNE 30, 2020

Ten Largest Employers in Jasper County

Name (1)	Business Activity
TPI Composites Inc	Wind turbine blades
Newton Community School District	Education
Hy-Vee Corporation	Food Retailer
Wal-Mart, Inc.	Retail
Arcosa Wind Towers	Industrial/Warehouse
Rock Communications	Commercial Printing
MercyOne Newton Medical Center	Hospital
The Vernon Company	Specialty Advertising
Progress Industries	Service Industry
VanMaanen Electric	Electric Company

Ten Largest Taxpayer by Assessed Valuation (does not include Utilities)

Name (2)	Business Activity
Iowa Speedway LLC	Iowa Speedway
TPI Iowa LLC	TPI Wind Blades
Phoenix Newton Industrial Investors	Trinity Towers Manufacturing Plant/Industrial/Warehouse
Wesley Retirement Services	Retirement Residences
Wal-Mart, Inc.	Retail
Hy-Vee Corporation	Food Retailer
Newton Village, Inc	Retirement Residences
GPI WG Acquisition Sub LLC	Carton Manufacturing
Love's Travel Stop & Country	Retail
Newton Lodge & Suites, LLC	Hotel

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APPENDIX E

BOOK-ENTRY SYSTEM

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

Book-Entry System

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Direct Participant 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).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Trustee, on any payment 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 Bonds 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, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

City of Newton Council Report



Item: Resolution approving Bond Purchase Agreement for the sale of Road Use Tax Revenue Bonds, Series 2021D

Summary: Resolution approving Bond Purchase Agreement for the sale of Road Use Tax Revenue Bonds, Series 2021D

Financial Impact: Approval of Bond Purchase Agreement would lock in interest rates, with final action on the 2021D Road Use Tax Revenue Bonds at the April 5, 2021 City Council meeting

Report Number: 21-076

Date: March 15, 2021

Lead Department:
Administration

Recommendation:
Approval

Background:

The City Council held a public hearing on March 1, 2021 in regards to the issuing of the 2021D Road Use Tax Revenue Bonds not to exceed \$2,355,000. The approval of a bond purchase agreement is the next step in the bonding process.

The proposed 2021D Road Use Tax Revenue Bonds include the following projects:

- Reconstruction of East 3rd Street South & East 2nd Street South
- Reconstruction of West 3rd Street South & West 2nd Street South
- Asphalt Mill/Overlay of various streets throughout the community

One note, the attached Preliminary Official Statement not to exceed number will be revised to ensure the Road Use project funds will receive \$2,000,000 in bond proceeds to complete the above listed items.

Recommendation:

Staff recommends approving a bond purchase agreement for the sale of the Road Use Tax Revenue Bonds, Series 2021D.

A handwritten signature in black ink, appearing to read "Rob Burdess", is written in a cursive style.

Rob Burdess
Acting City Administrator

RESOLUTION NO. 2021-_____

Resolution approving Bond Purchase Agreement for the sale of Road Use Tax Revenue Bonds, Series 2021D

WHEREAS, pursuant to the provisions of Section 384.24A of the Code of Iowa, the City of Newton (the “City”), in Jasper County, State of Iowa, heretofore proposed to enter into a Road Use Tax Revenue Loan Agreement (the “Loan Agreement”) payable solely and only from future road use tax revenues and to borrow money thereunder in a principal amount not to exceed \$2,355,000 for the purpose of paying the costs, to that extent, of constructing street improvements (the “Project”), and has published notice of the proposed action and has held a hearing thereon on March 1, 2021; and

WHEREAS, a Preliminary Official Statement (the “P.O.S.”) has been prepared by Dorsey & Whitney LLP (the “Disclosure Counsel”) as bond and disclosure counsel to the City to facilitate the sale of Road Use Tax Revenue Bonds, Series 2021D (the “Series 2021D Bonds”) in evidence of the obligation of the City under the Loan Agreement, and the City Council has made provision for the approval of the P.O.S. and has authorized its use by D.A. Davidson & Co. (the “Underwriter”); and

WHEREAS, a certain Bond Purchase Agreement (the “Bond Purchase Agreement”) has been prepared to set forth the terms of the Series 2021D Bonds and the understanding between the City and the Underwriter with respect to the purchase thereof and it is now necessary to make provision for the approval of the Bond Purchase Agreement and its execution and delivery;

NOW, THEREFORE, It Is Resolved by the City Council of the City of Newton, Iowa, as follows:

Section 1. The Bond Purchase Agreement is hereby approved in substantially the form as presented to the City Council. The Mayor and the City Clerk are hereby authorized and directed to execute and deliver the Bond Purchase Agreement to the Underwriter.

Section 2. Further action with respect to the authorization of the Loan Agreement and the issuance of the Series 2021D Bonds is hereby adjourned to the City Council meeting on April 5, 2021.

Section 3. All resolutions and orders or parts thereof in conflict with the provisions of this resolution, to the extent of such conflict, are hereby repealed.

Section 4. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved March 15, 2021.

Mayor

Attest:

City Clerk

NEW ISSUE - DTC BOOK ENTRY ONLY

NON-RATED

In the opinion of Dorsey & Whitney LLP, Bond Counsel, according to present laws, rulings and decisions and assuming compliance with certain covenants, the interest on the Bonds will be excluded 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 under the Internal Revenue Code of 1986 (the "Code"). In the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX EXEMPTION AND RELATED TAX MATTERS" herein.

\$1,760,000***City of Newton, Iowa****Road Use Tax Revenue Bonds, Series 2021D****Dated Date:** Date of Delivery**Due:** As shown on inside cover

The \$1,760,000* Road Use Tax Revenue Bonds, Series 2021D (the "Bonds") are being issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, pursuant to the provisions of Chapter 384 and 312 of the Code of Iowa, 2021, as amended, and a resolution authorizing the issuance of the Bonds (the "Resolution") expected to be adopted by the City of Newton, Iowa (the "Issuer" or the "City") on April 5, 2021*. The Depository Trust Company, New York, New York ("DTC") will act as the securities depository for the Bonds and its nominee, Cede & Co., will be the registered owner of the Bonds. Individual purchases of the Bonds will be recorded on a book-entry only system operated by DTC. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by BOKF, N.A., Lincoln, Nebraska, as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds. See "APPENDIX E – BOOK-ENTRY SYSTEM" herein.

The Bonds are not general obligations of the Issuer, but are special, limited obligations of the Issuer. The Bonds and any future bonds, notes or obligations issued on a parity therewith (the "Parity Obligations") are payable only from the Road Use Tax revenues received by the Issuer from the State of Iowa, and certain funds pledged under the Resolution, each of which are pledged to the repayment of the Bonds. THE BONDS SHALL NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR CHARGE AGAINST ITS GENERAL CREDIT OR GENERAL FUNDS. NEITHER THE FAITH AND CREDIT OF THE ISSUER, NOR THE STATE OF IOWA, NOR THE GENERAL TAXING POWER OF THE ISSUER, THE STATE OF IOWA OR ANY POLITICAL SUBDIVISION OF THE STATE OF IOWA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein.

The Bonds will bear interest from their dated date, payable semiannually on each June 1 and December 1, commencing December 1, 2021*. The Bonds are subject to redemption by the Issuer prior to their stated maturities in the manner and at the time described herein. All of the Bonds then outstanding are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, on June 1, 2029* or on any date thereafter at a redemption price equal to the principal amount of the Bonds, together with accrued interest to the date fixed for redemption, without premium. See "THE BONDS – Redemption" herein.

The Bonds are being issued by the Issuer to evidence the Issuer's obligation under a certain loan agreement for the purpose of paying the cost, to that extent, of constructing street improvements and paying certain costs of issuance related to the Bonds.

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion as to legality, validity and tax exemption by Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel. Dorsey & Whitney LLP is also serving as Disclosure Counsel to the Issuer in connection with the issuance of the Bonds. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about April 21, 2021.*



The Date of this Official Statement is March __, 2021.

\$1,760,000*
City of Newton, Iowa
Road Use Tax Revenue Bonds, Series 2021D

MATURITY SCHEDULE

<u>Due</u>	<u>Amount</u> *	<u>Rate</u> *	<u>Yield</u> *	<u>Cusip Num.</u> **	<u>Due</u>	<u>Amount</u> *	<u>Rate</u> *	<u>Yield</u> *	<u>Cusip Num.</u> **
June 1, 2022	\$285,000				June 1, 2028	\$120,000			
June 1, 2023	\$275,000				June 1, 2029	\$120,000			
June 1, 2024	\$110,000				June 1, 2030	\$120,000			
June 1, 2025	\$110,000				June 1, 2031	\$125,000			
June 1, 2026	\$115,000				June 1, 2032	\$130,000			
June 1, 2027	\$115,000				June 1, 2033	\$135,000			

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

* Preliminary, subject to change.

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

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

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

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

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

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

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

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

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OFFICIAL STATEMENT

\$1,760,000*

City of Newton, Iowa

Road Use Tax Revenue Bonds, Series 2021D

INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices hereto (the “Official Statement”), is to set forth certain information in conjunction with the sale of \$1,760,000* Road Use Tax Revenue Bonds, Series 2021D (the “Bonds”) of the City of Newton, Iowa (the “Issuer” or the “City”). This Introduction is not a summary of this Official Statement, but is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the appendices attached hereto. All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Copies of statutes, resolutions, ordinances, reports or other documents referred to herein are available, upon request, from the Issuer.

The Bonds are being issued pursuant to Chapter 384 of the Code of Iowa, 2021, as amended (the “Act”). The Bonds and any future bonds, notes or obligations issued on a parity therewith (the “Parity Obligations”) are special, limited obligations of the Issuer, payable solely from the Road Use Tax Fund (defined herein) funds received by the Issuer (the “Tax Revenues”) pursuant to Chapter 312 of the Code of Iowa, 2021, as amended (the “Road Use Tax Act”), and certain funds pledged to the payment thereof pursuant to a resolution expected to be adopted by the City on April 5, 2021* (the “Resolution”). See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” herein.

The Bonds are being issued for the purpose of paying the cost, to that extent, of constructing street improvements and paying certain costs of issuance related to the Bonds. See “PLAN OF FINANCING” and “SOURCES AND USES OF FUNDS” herein.

The Issuer anticipates issuing its General Obligation Corporate Purpose Bonds, Series 2021A (the “Series 2021A Bonds”); Taxable General Obligation Corporate Purpose Bonds, Series 2021B (the “Series 2021B Bonds”); and its Sewer Revenue Bonds, Series 2021C (the “Series 2021C Bonds” and, together with the Series 2021A Bonds and the Series 2021B Bonds, the “Additional Bonds”). THE ADDITIONAL BONDS ARE NOT BEING OFFERED PURSUANT TO THIS OFFICIAL STATEMENT, AND THE BONDS AND THE ADDITIONAL BONDS CONSTITUTE SEPARATE ISSUES.

THE ISSUER

The Issuer, with a 2010 U.S. Census population of 15,254, comprises approximately 11.19 square miles. The Issuer operates under a statutory form of government consisting of a six-member City Council, of which the Mayor is not a voting member. Additional information concerning the Issuer is included in “APPENDIX A – GENERAL INFORMATION ABOUT THE ISSUER” hereto.

THE BONDS

General

The Bonds are not general obligations of the Issuer but, together with any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity therewith under the conditions set forth in the Resolution, are payable solely and only from annual road use tax funds received by the Issuer from the State of Iowa. In and by the Resolution, the City Council has covenanted to appropriate to its road use tax fund (the “City Road Use Tax Revenue Fund”) in each year so long as the Bonds are outstanding a sufficient amount of the Tax Revenues to pay interest on and principal of the Bonds as such payments become due, and the Issuer has pledged the City Road Use Tax Revenue Fund for the full and prompt payment of the principal of and interest on the Bonds. Under no circumstances shall the Issuer be in any manner liable by reason of the failure of the said Tax Revenues to be sufficient for the payment of the Bonds and the interest thereon. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” herein.

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

The Bonds are dated as of the date of their delivery, will mature on June 1 in the years and in the amounts set forth on the inside cover page hereof, and will bear interest at the rates to be set forth on the inside cover page hereof. Interest on the Bonds is payable semiannually on June 1 and December 1 in each year, beginning on December 1, 2021*, calculated on the basis of a year of 360 days

* Preliminary, subject to change.

and twelve 30-day months. Interest shall be payable to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the interest payment date, to the addresses appearing on the registration books maintained by the Registrar or such other address as is furnished to the Registrar in writing by a registered owner. The Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

Redemption

Optional Redemption. All of the Bonds then outstanding are subject to redemption at the option of the Issuer, as a whole or in part, from any source of available funds, beginning June 1, 2029*, or on any date thereafter at a redemption price equal to the principal amount of the Bonds, together with accrued interest to the date fixed for redemption, without premium.

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

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

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

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

BONDHOLDERS' RISKS

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

COVID-19

The Issuer has been monitoring developments and directives of federal, state and local officials as it determined what precautions and procedures to implement or revise in light of the spread of COVID-19. Some procedures and precautions resulting from the spread of COVID-19 with respect to operations, personnel and services may have been or will be mandated by federal and/or state entities. The continued spread of COVID-19 may affect the financial condition of the Issuer, either directly or indirectly in various ways, including: (i) limiting the ability of the Issuer to conduct its operations in an historically normal manner, (ii) increasing the cost of operations of the Issuer, (iii) impacting the ability of the Issuer to provide personnel to carry out the services routinely provided by the Issuer, (iv) impacting certain revenues received by the Issuer, (v) affecting the secondary market with respect to the Bonds, and (vi) affecting liquidity sources of the Issuer.

The Issuer did not experience material reductions in revenue or material increases in expenses in fiscal year 2020 due to material COVID-19-related financial impacts and does not currently expect to amend its fiscal year 2021 budget due to material COVID-19-related financial impacts. It is too soon, however, to fully predict what COVID-19-related financial impacts the Issuer may incur and whether any such financial impacts will be material. The Issuer's cash on hand and unrestricted reserves as of December 31, 2020, is shown in table "CURRENT FUND BALANCES (Unaudited, as of December 31, 2020)" in Appendix A. The Issuer is requested support from federal or state COVID-19 related loan or grant programs.

This information is based on current information available to the Issuer that may be incomplete and unknown. This information was derived using certain assumptions and methodologies, and includes unaudited financial information and projections. This information is forward-looking and subject to change.

Limited Obligation

The Bonds are not general obligations of the Issuer, but are special, limited obligations of the Issuer. The Bonds are payable only from (1) the Tax Revenues, (2) the Sinking Fund (as defined herein), and (3) to the extent available, the Project Fund (as defined herein), each of which is pledged to the payment of the Bonds. THE BONDS SHALL NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR CHARGE AGAINST ITS GENERAL CREDIT OR GENERAL FUNDS. NEITHER THE FAITH AND CREDIT OF THE ISSUER, THE COUNTY, NOR THE STATE OF IOWA, NOR THE GENERAL

TAXING POWER OF THE ISSUER, THE STATE OF IOWA OR ANY POLITICAL SUBDIVISION OF THE STATE OF IOWA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” herein.

Adequacy of Revenues

The payment of the principal of and premium, if any, and interest on the Bonds depends upon the receipt by the City of sufficient Tax Revenues. A number of factors could prevent the receipt of revenues, including, but not limited to, statutory changes in the method of allocation of the Road Use Tax Fund by the State, a general decline in the economy affecting tax receipts and/or revenues of the Road Use Tax Fund at the State, a decrease in taxes due to technology changes in motor vehicles or statutory changes in the method of assessment of road use taxes collected for deposit in the Road Use Tax Fund. This discussion of certain risk factors is not, and is not intended to be, all-inclusive or exhaustive.

Estimated Tax Receipts

Estimates of Tax Revenues available to pay the Bonds in the future presented herein are based on historical information provided to the Issuer from the Road Use Tax Fund, which estimates have not been independently reviewed by any third parties. Failure to receive Tax Revenues in the amount estimated would reduce the debt service coverage ratios described herein (see “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Historical Cash Flow and Debt Coverage”). If such estimates vary significantly from actual tax receipts in the future, that variance could prevent the Issuer from making timely payments of principal of and interest on the Bonds.

While the estimated Tax Revenues set forth herein are based upon information and assumptions that the Issuer believes to be reasonable, potential purchasers of the Bonds should recognize that such estimates are subject to changes resulting from a wide variety of economic and other conditions, including the reductions from the COVID-19 Pandemic. Therefore, no assurance can be given that the Tax Revenues will be received in the annual or aggregate amount estimated. There may be material differences between the estimated receipts and actual payments of Tax Revenues to the Issuer.

Economic Conditions

Tax Revenues received in the Road Use Tax Fund are determined in large part by the taxable transactions surrounding the purchase and use of motor vehicles in Iowa. Changes in the economy of the State that would affect these taxable transactions, including a general slowdown in the State economy, reduction in demand for motor vehicles or motor fuels due to economic conditions or technological changes in fuel efficiency of motor vehicles, and reductions in the use of rental vehicles could materially alter the taxes and fees collected and deposited in the Road Use Tax Fund. Changes in the economy could be driven by factors including, but not limited to, strikes or other labor unrest, labor shortages resulting in industry slowdown, weather-related problems causing a decrease in the quantity or quality of agricultural products grown and resulting in a decrease in farm receipts, world economic factors that influence commodity prices or the general economy, reduction in demand for insurance products, and changes in demand for products from Iowa’s manufacturing sector, as well as the reductions and impacts from the COVID-19 Pandemic.

Legislative Revisions of the Road Use Tax Act

From time to time, the Legislature has appropriated Road Use Tax Fund revenues that would be deposited in the Road Use Tax Fund to activities prior to the allocation of such receipts to cities in Iowa, including the Issuer. There can be no assurance that the Legislature might not make similar prior appropriations in the future, and those appropriations could materially alter the security of the Bonds. In addition, there can be no assurance that the Legislature might not change the Allocation (defined herein) itself. Changes in the Iowa Code do not require the consent of the Issuer or any other city or county in Iowa that is a recipient of the Road Use Tax Funds. Changes in the Iowa Code do not require voter approval.

There are several different types of taxes that are collected and deposited in the Road Use Tax Fund, including gasoline and diesel fuel taxes, use fees from the purchase of motor vehicles, license and registration fees and rental car excise taxes. From time to time, the Legislature has revised the level of tax or fee associated with each of these retail transactions. There can be no assurance that the Legislature might not do so again in the future. The Issuer cannot control the level of tax or fee associated with the Road Use Tax Fund. Legislative changes to the level of taxation or fee could materially alter the revenues available for allocation and credit to the City Road Use Tax Revenue Fund (defined herein), which in turn could affect the security of the Bonds.

Allocation of Road Use Tax Revenues among Cities

Except as described in the following paragraph, the Road Use Tax Fund revenues available to cities are allocated to all cities in Iowa based upon the ratio of the population of each city in Iowa as determined by the latest federal census. There can be no assurance that the Legislature might not change this method of allocation of the Road Use Tax revenues allocated to cities in the future.

Until March 2021, the Road Use Tax Act calculates the apportionment based upon the greater of the population of each city as of the last preceding certified federal census or as of April 1, 2010, population estimates base as determined by the United States Census

Bureau. After March 2021, the apportionment of Road Use Tax Fund revenues among cities in Iowa will use the latest federal census data as described above. This change in the method of allocation of the Road Use Tax Fund revenues available to cities in Iowa among all cities will likely result in a change in the amount of Tax Revenues the Issuer receives, and such change in Tax Revenues could be material. There can be no assurance that the amount of Tax Revenues the Issuer receives will be sufficient to pay the principal of and interest on the Bonds when due.

Ongoing Compliance with Road Use Tax Statute

The Road Use Tax Statute requires a recipient of Road Use Tax Fund revenues, including the Issuer, to keep account of expenditures of all Road Use Tax Fund revenues received and the amounts spent from such receipts. Cities receiving Road Use Tax Fund revenues are required to make certain reports to the Iowa Department of Transportation, including a detailed cost accounting of certain expenditures of such revenues received. Failure to comply with the accounting and reporting requirements could result in a delay of receipt of or forfeiture of certain Tax Revenues by the Issuer, which could result in the inability of the Issuer to pay the principal of and interest on the Bonds when due.

Additional Debt and Parity Obligations

The Resolution permits the Issuer to incur additional indebtedness under certain circumstances, including Parity Obligations that could have a lien on the Tax Revenues on a parity with the lien securing the Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Additional Obligations – Parity Obligations” herein. Such additional debt could increase the Issuer’s debt service and repayment requirement in a manner which would adversely affect debt service coverage on the Bonds.

Remedies of Bondholders

Pursuant to the Act, the sole remedy for a breach or default of a term of a revenue bond (such as the Bonds) is a proceeding in law or inequity by suit, action or mandamus to enforce or compel performance of the duties required by the Act and of the terms of the Resolution, or to obtain the appointment of a receiver to take possession of and operate the Utility and to perform the duties required by the Act and the terms of the Resolution.

Secondary Market

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

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

Lack of Rating

No credit rating for the Bonds has been requested. As a general rule, unrated bonds are less liquid in the secondary market than rated bonds, and may bear interest at rates higher than bonds with credit ratings. There can be no assurance that the Bonds will be marketable in the secondary market.

The Issuer has not requested a rating from any nationally recognized rating agency. The Issuer could request a rating at a later date or time and, if said rating is applied, it could affect, positively or negatively, the market value of the Bonds. In addition, if a rating is secured at a later date, that rating could, thereafter, be increased or decreased based solely on the views of the rating agency. Any revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Bankruptcy and Insolvency

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

Under sections 76.16 and 76.16A of the Code of Iowa, 2021, a city, county, or other political subdivision may become a debtor under chapter nine of the federal bankruptcy code, if it is rendered insolvent, as defined in 11 U.S.C. §101(32)(c), as a result of a debt involuntarily incurred. As used therein, “debt” means an obligation to pay money, other than pursuant to a valid and binding collective bargaining agreement or previously authorized bond issue, as to which the governing body of the city, county, or other political subdivision has made a specific finding set forth in a duly adopted resolution of each of the following: (1) that all or a portion of such obligation will not be paid from available insurance proceeds and must be paid from an increase in general tax levy; (2) that such increase in the general tax levy will result in a severe, adverse impact on the ability of the city, county, or political subdivision to exercise the powers granted to it under applicable law, including without limitation providing necessary services and promoting economic development; (3) that as a result of such obligation, the city, county, or other political subdivision is unable to pay its debts as they become due; and (4) that the debt is not an obligation to pay money to a city, county, entity organized pursuant to chapter 28E of the Code of Iowa, or other political subdivision.

Forward-Looking Statements

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

Tax Matters, Bank Qualification and Loss of Tax Exemption

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

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

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

DTC-Beneficial Owners

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

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

Proposed Federal Tax Legislation

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

Pension Information

The Issuer contributes to the Iowa Public Employees' Retirement System ("IPERS"), which is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the Issuer not covered by MFPRSI (defined below) are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The IPERS Comprehensive Annual Financial Report for its fiscal year ended June 30, 2020 (the "IPERS CAFR"), indicates that as of June 30, 2020, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 83.96%, and the unfunded actuarial liability was approximately \$6.587 billion. The IPERS CAFR identifies the IPERS Net Pension Liability at June 30, 2020, at approximately \$7.025 billion, while its net pension liability at June 30, 2019, was approximately \$5.791 billion. The IPERS CAFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See "APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER" for additional information on IPERS.

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

In fiscal year ended June 30, 2020, the Issuer's IPERS contribution totaled approximately \$390,986. The Issuer is current in its obligations to IPERS.

Pursuant to Governmental Accounting Standards Board Statement No. 68, IPERS has allocated the net pension liability among its members, with the Issuer's identified portion at June 30, 2020, at approximately \$3,023,073. While the Issuer's contributions to IPERS are controlled by state law, there can be no assurance the Issuer will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the Issuer. See "APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER" for additional information on pension and liabilities of the Issuer.

The Issuer also contributes to the Municipal Fire and Police Retirement System of Iowa ("MFPRSI"), which is a multiple-employer cost-sharing defined benefit pension plan for fire fighters and police officers, administered under Chapter 411 of the Code of Iowa. MFPRSI plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to MFPRSI. Contribution amounts are set by State statute. The MFPRSI Comprehensive Annual Financial Report for its fiscal year ended June 30, 2020 (the "MFPRSI Report") indicates that as of June 30, 2020, the date of the most recent actuarial valuation for MFPRSI, the funded ratio of MFPRSI was 79.93%, and the unfunded actuarial liability was \$630.3 million. The MFPRSI Report identifies the MFPRSI Net Pension Liability at June 30, 2020, at approximately \$797.6 million, while its net pension liability at June 30, 2019 was approximately \$655.9 million. The MFPRSI Report is available on the MFPRSI website. See "APPENDIX D — AUDITED FINANCIAL STATEMENTS OF THE ISSUER" for additional information on MFPRSI.

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

In fiscal year ended June 30, 2020, the Issuer's MFPRSI contribution totaled approximately \$801,647. The Issuer is current in its obligations to MFPRSI.

Pursuant to Governmental Accounting Standards Board Statement No. 68, MFPRSI has allocated the net pension liability among its members, with the Issuer's identified portion at June 30, 2020, at approximately \$6,463,756. While the Issuer's contributions to MFPRSI are controlled by state law, there can be no assurance the Issuer will not be required by changes in State law to increase its contribution requirement in the future, which may have the effect of negatively impacting the finances of the Issuer. See "APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER" hereto for additional information on pension liabilities of the Issuer.

Other Post-Employment Benefits ("OPEB") Information

The Issuer operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. As of June 30, 2020, there were 123 active and three retired members in the plan. Participants must be age 55 or older at retirement. The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark Blue Cross and Blue Shield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

The contribution requirements of plan members are established and may be amended by the Issuer. The Issuer currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and the plan members range from \$653 to \$800 for single coverage and \$1,968 to \$2,420 for family coverage. For the year ended June 30, 2020, the City

contributed \$2,366,999 and plan members eligible for benefits contributed \$144,297 to the plan. See “APPENDIX D — AUDITED FINANCIAL STATEMENTS OF THE ISSUER” for additional information on OPEB obligations of the Issuer.

Summary

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

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

Description of the Road Use Tax Fund

The Road Use Tax Fund – The State Of Iowa. The Road Use Tax Fund in the State of Iowa (the “Road Use Tax Fund”) was created by the Legislature in 1954, codified as the Road Use Tax Act, and has been amended several times. The Road Use Tax Fund receives certain revenues of the State, including all net proceeds from the tax levied on registration of motor vehicles, all net proceeds of the motor vehicle fuel tax and license fees, all revenues derived from the excise tax imposed on rental vehicles, certain revenues derived from the use tax levied on motor vehicles (generally collected at the time a motor vehicle or accessory is purchased from a retailer) and any other funds that the Legislature might appropriate. Revenues are collected at the point of purchase by merchants and retailers in Iowa and paid to the State in a fashion similar to sales tax receipts. After the Prior Appropriations (defined herein) the remaining revenues in the Road Use Tax Fund are allocated by the Iowa Code in the following fashion (the “Allocation”):

- 47.5% of revenues to the State primary road fund
- 24.5% to the secondary road fund of the counties in Iowa
- 8% to the farm to market road fund; and
- 20% to the street construction fund of Iowa cities

Presented below is a summary of all revenues of the Road Use Tax Fund for the period indicated:

<u>Fiscal Year</u>	<u>Annual Collection</u>	<u>Increase over Prior year Dollars</u>	<u>%</u>
2020	1,553,046,792	66,120,317	4.45%
2019	1,486,926,475	61,995,786	4.35%
2018	1,424,930,689	-58,097,935	-3.92%
2017	1,483,028,625	46,531,392	3.24%
2016	1,436,497,232		

At various times since the Road Use Tax Fund was established, the Legislature has appropriated monies in the Road Use Tax Fund, prior to moving through the Allocation, for certain projects. Currently, before money is allocated pursuant to the Allocation, funds are carved out for certain projects including: highway and railroad grade crossing reconstruction, certain expenses associated with the creation of license plates, certain additional funds to the state primary road fund and to the state department of transportation for operating costs, contributions to the living roadway trust fund, additional compensation to the farm to market fund, odometer enforcement costs, the RISE fund for joint city/state street repairs, public transit support, traffic safety improvements, motorcycle education, trail acquisition and construction and county data processing equipment acquisition costs (collectively, the “Prior Appropriations”). Presented below is a summary of the Road Use Tax Fund revenues remaining after the Prior Appropriations:

<u>Fiscal Year</u>	<u>Annual Collection</u>	<u>Increase over Prior year Dollars</u>	<u>%</u>
2020	1,411,352,962	64,454,902	4.79%
2019	1,346,898,060	61,999,870	4.83%
2018	1,284,898,190	-57,522,915	-4.29%
2017	1,342,421,105	43,557,144	3.35%
2016	1,298,863,961		

Other than as set forth in this paragraph, the portion of the net revenues of the Road Use Tax Fund, after Prior Appropriations, allocated to cities is based on the most recent population census of the city as a percentage of the most recent total population census of the State. Until March 2021, the Road Use Tax Act calculates the apportionment based upon the greater of the population of each city as of the last preceding certified federal census or as of April 1, 2010, population estimates base as determined by the United States Census Bureau. After March 2021, the allocation of the Road Use Tax Fund revenues among cities in Iowa will use the latest federal census data as described above.

Presented below is a summary of the portion of the Road Use Tax Fund revenues allocated to cities under the Iowa Code:

Fiscal Year	Annual Collection	Increase over Prior year Dollars	%
2020	282,270,592	12,890,980	4.79%
2019	269,379,612	12,399,974	4.83%
2018	256,979,638	-11,504,583	-4.29%
2017	268,484,221	8,711,429	3.35%
2016	259,772,792		

Presented below is a summary by month of the Road Use Tax Fund revenues, the revenues remaining after the Prior Appropriations and the revenues allocated to cities:

To be Allocated

Fiscal Year	2017		2018		2019		2020		2021	
Collection Month	Rev's	Change	Rev's	Change	Rev's	Change	Rev's	Change	Rev's	Change
July	127,493,993	-2.64%	129,688,085	1.72%	160,487,982	23.75%	170,680,065	6.35%	138,464,112	-18.88%
August	166,124,425	4.93%	169,011,943	1.74%	187,278,669	10.81%	185,120,422	-1.15%	183,288,621	-0.99%
September	130,938,181	6.43%	116,582,764	-10.96%	120,230,469	3.13%	163,547,819	36.03%	115,531,334	-29.36%
October	144,760,512	5.34%	150,546,183	4.00%	146,628,788	-2.60%	144,599,326	-1.38%	162,192,195	12.17%
November	121,574,797	-12.28%	131,937,548	8.52%	147,695,057	11.94%	106,003,431	-28.23%	159,457,734	50.43%
December	147,420,710	23.29%	112,819,744	-23.47%	144,554,511	28.13%	177,842,764	23.03%	152,371,979	-14.32%
January	153,957,622	12.84%	183,520,672	19.20%	142,829,350	-22.17%	162,674,540	13.89%	116,759,771	-28.22%
February	129,597,066	-5.27%	117,350,014	-9.45%	116,150,144	-1.02%	70,075,973	-39.67%		
March	92,321,255	-7.26%	55,270,124	-40.13%	38,481,955	-30.37%	107,849,201	180.26%		
April	58,332,723	-25.37%	101,581,910	74.14%	105,984,753	4.33%	79,364,052	-25.12%		
May	126,198,585	36.42%	82,124,825	-34.92%	89,356,870	8.81%	35,905,730	-59.82%		
June	84,308,756	-1.00%	74,496,876	-11.64%	87,247,927	17.12%	149,383,471	71.22%		
Total	1,483,028,625	3.24%	1,424,930,689	-3.92%	1,486,926,475	4.35%	1,553,046,792	4.45%	1,028,065,746	
Collections Through January	992,270,240		994,106,940		1,049,704,826		1,110,468,367		1,028,065,746	

Remaining after Appropriations

July	113,971,690	-3.39%	116,736,175	2.43%	146,958,946	25.89%	157,121,953	6.92%	125,416,531	-20.18%
August	155,051,885	5.67%	157,678,389	1.69%	175,617,677	11.38%	173,980,071	-0.93%	172,271,692	-0.98%
September	118,228,646	6.55%	103,113,075	-12.79%	107,482,714	4.24%	150,118,244	39.67%	102,929,306	-31.43%
October	133,554,033	5.28%	139,466,614	4.43%	135,245,316	-3.03%	132,135,457	-2.30%	150,628,017	14.00%
November	110,282,769	-13.76%	120,646,548	9.40%	137,179,495	13.70%	94,954,891	-30.78%	148,685,006	56.58%
December	134,848,334	25.58%	100,285,778	-25.63%	131,571,424	31.20%	164,745,935	25.21%	139,638,373	-15.24%
January	140,809,774	14.04%	170,064,046	20.78%	129,984,333	-23.57%	148,768,309	14.45%	104,021,916	-30.08%
February	118,186,712	-6.53%	106,549,073	-9.85%	105,534,964	-0.95%	59,292,992	-43.82%		
March	81,021,592	-6.99%	44,027,754	-45.66%	26,776,156	-39.18%	96,088,264	258.86%		
April	48,978,411	-28.75%	91,393,207	86.60%	96,331,155	5.40%	69,387,879	-27.97%		
May	114,833,509	40.46%	71,864,041	-37.42%	79,052,769	10.00%	26,914,367	-65.95%		
June	72,653,750	-1.24%	63,073,490	-13.19%	75,163,110	19.17%	137,844,600	83.39%		
Total	1,342,421,105	3.35%	1,284,898,190	-4.29%	1,346,898,060	4.83%	1,411,352,962	4.79%	943,590,841	
Collections Through January	906,747,131		907,990,623		964,039,906		1,021,824,859		943,590,841	

Allocations of Revenues to Cities

July	22,794,338	-3.39%	23,347,235	2.43%	29,391,789	25.89%	31,124,391	6.92%	25,083,306	-20.18%
August	31,010,377	5.67%	31,535,678	1.69%	35,123,535	11.38%	34,796,014	-0.93%	34,454,338	-0.98%
September	23,645,729	6.55%	20,622,615	-12.79%	21,496,543	4.24%	30,023,649	39.67%	20,585,861	-31.43%
October	26,710,807	5.28%	27,893,323	4.43%	27,049,063	-3.03%	26,427,091	-2.30%	30,125,603	14.00%
November	22,056,554	-13.76%	24,129,310	9.40%	27,435,899	13.70%	18,990,978	-30.78%	29,737,001	56.58%
December	26,969,667	25.58%	20,057,156	-25.63%	26,314,285	31.20%	32,949,187	25.21%	27,927,675	-15.24%
January	28,161,955	14.04%	34,012,809	20.78%	25,996,867	-23.57%	29,753,662	14.45%	20,804,383	-30.08%
February	23,637,342	-6.53%	21,309,815	-9.85%	21,106,993	-0.95%	11,858,598	-43.82%		
March	16,204,318	-6.99%	8,805,551	-45.66%	5,355,231	-39.18%	19,217,653	258.86%		
April	9,795,682	-28.75%	18,278,641	86.60%	19,266,231	5.40%	13,877,576	-27.97%		
May	22,966,702	40.46%	14,372,808	-37.42%	15,810,554	10.00%	5,382,873	-65.95%		
June	14,530,750	-1.24%	12,614,698	-13.19%	15,032,622	19.17%	27,568,920	83.39%		
Total	268,484,221	3.35%	256,979,638	-4.29%	269,379,612	4.83%	282,270,592	4.79%	188,718,168	
Collections Through January	181,349,426		181,598,125		192,807,981		204,364,972		188,718,168	

The Road Use Tax Fund – The City of Newton. With a current census population of 15,254, Newton receives approximately 0.7% of the portion of the Road Use Tax Fund revenues allocated to cities. Tax Revenues are received by the City monthly. The Iowa Code requires that the revenues be credited to the Street Fund of the City Road Use Tax Revenue Fund, from which payments for road related improvements and services must be made. No transfers from the City Road Use Tax Revenue Fund to other funds of the city is allowed under the Iowa Code. Cities may use the money received in the City Road Use Tax Revenue Fund for expenses including: road repairs, road construction, curb & gutter improvements and construction, snow removal, street cleaning, street lighting, and salaries and benefits of staff engaged in road services.

The City has received the following amounts in the years indicated from the Road Use Tax Fund for deposit in the City Road Use Tax Revenue Fund. Amounts received by the City for fiscal year 2021 year-to-date (through January 31), are \$1,319,924, while amounts received over the same year-to-date period in fiscal year 2020 were \$1,282,280, which represents a 3% increase year-over-year.

Fiscal Year	Annual Collection	Increase over Prior year Dollars	%
2020	\$1,960,724	(\$9,875)	(0.50%)
2019	1,970,599	24,339	1.25%
2018	1,946,260	52,572	2.78%
2017	1,893,688	8,610	0.46%

The City has historically used its receipts from the Road Use Tax Fund to pay for certain street-related staffing costs, and to provide for street lighting costs and capital equipment acquisition and improvements. The City anticipates using the City Road Use Tax Revenue Fund in a similar fashion going forward, except that debt service will be paid first from receipts in the City Road Use Tax Revenue Fund and all other permitted costs and expenses, including operating expenses, will be paid after debt service.

As part of the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, the State has been allocated certain supplemental federal highway funds, in the approximate aggregate amount of \$121.9 million. The State expects to allocate this funding in large part based on the Allocation described above, with a result that approximately \$23.4 million will be allocated to cities, based on the existing population, as described above. This information and plan has not been finalized and is subject to change.

Historical Cash Flow and Debt Coverage. Based on the FY 2020 Independent Auditor's Report, the revenues available for debt of \$1,960,724 would provide 5.97* times coverage of the \$328,444* maximum annual debt service, to occur in Fiscal Year 2022.

Revenue Debt Paid Solely From Road Use Tax Revenues.* This issue represents the only bonds payable from the Tax Revenues at this time. Presented below is the estimated principal & interest on the Bonds for the period in time:

Year	The Bonds Principal*	The Bonds Interest*	Total Projected P&I*
6/1/21	\$285,000	\$43,444	\$328,444
6/1/22	275,000	33,400	308,400
6/1/23	110,000	27,900	137,900
6/1/24	110,000	25,700	135,700
6/1/25	115,000	23,500	138,500
6/1/26	115,000	21,200	136,200
6/1/27	120,000	18,900	138,900
6/1/28	120,000	16,500	136,500
6/1/29	120,000	14,100	134,100
6/1/30	125,000	11,700	136,700
6/1/31	130,000	7,950	137,950
6/1/32	135,000	4,050	139,050
Totals:	\$1,760,000	\$248,344	\$2,008,344
	\$285,000	\$43,444	\$328,444

The Resolution

The Bonds are special, limited revenue obligations of the Issuer and payments of principal of, premium, if any, and interest on the Bonds are secured solely by (1) the Tax Revenues, (2) the Sinking Fund and (3) to the extent available, the Project Fund, each of which is pledged to the payment of the Bonds. The Resolution pledges the Tax Revenues to the Sinking Fund. The Bonds are not general obligations of the Issuer or any political subdivision within or the State of Iowa, the Issuer's full faith and credit and taxing powers are not pledged to the payment thereof and the Issuer is not obligated to levy any ad valorem taxes nor to expend any general fund or other moneys of the Issuer to pay the Bonds, except the Tax Revenues specifically pledged under the Resolution.

Funds and Accounts

The following is a summary of certain portions of the Resolution. This summary is not to be considered a full statement of the provisions of the Resolution and is qualified by reference to the Resolution, which will be adopted and approved by the Issuer's City Council prior to issuance of the Bonds.

Project Fund. The Resolution establishes a Project Fund (the "Project Fund"), which will be held by the Issuer, into which a portion of the proceeds of the Bonds allocated to finance the Projects shall be deposited. Moneys in the Project Fund shall be used for the payment of (1) costs of the planning, design and construction of the Projects; (2) costs of issuance of the Bonds; and (3) to the extent that proceeds remain after the full payment of the costs set forth in (1) and (2), such proceeds shall be transferred to the Sinking Fund (defined below) for the payment of principal of and interest on the Bonds.

* Preliminary, subject to change.

City Road Use Tax Revenue Fund. From and after the delivery of the Bonds and as long as any of the Bonds and any Parity Obligations are outstanding and unpaid or until all principal of and interest thereon have been discharged and satisfied or provision therefor has been made, 100% of the Tax Revenues received by the City after the date of issuance of the Bonds, shall be deposited as collected in the City Road Use Tax Revenue Fund, which shall be used and disbursed to pay the principal of and interest on all of the Bonds and any Parity Obligations outstanding from time to time, as the same become due, and to create and maintain the several separate funds established by the Resolution, or established in the future pursuant to the issuance documents for the Parity Obligations.

Sinking Fund. The Resolution establishes a separate and special account to be known as the “Road Use Tax Revenue Sinking Fund” (herein referred to as the “Sinking Fund”), into which there shall be set aside from the City Road Use Tax Revenue Fund such portion thereof as will be sufficient to pay the interest on and principal of the Bonds and any future Parity Obligations as the same become due. Within the Sinking Fund the Resolution creates a subaccount designated as the “Series 2021D Bond Sinking Fund Subaccount” and there shall be deposited and set aside into such subaccount from the City Road Use Tax Revenue Fund amounts equal to the annual principal and interest payment requirements for the Bonds for the then current fiscal year, unless the amount therein is sufficient to retire the Bonds and to pay all interest to become due thereon prior to such retirement, or if provision for such payment has been made.

Whenever Parity Obligations are issued under the conditions and restrictions set forth in the Resolution, provisions shall be made in the related issuance documents for the creation of a subaccount in the Sinking Fund and for additional payments to be made into such subaccount for the purpose of paying the interest on and principal of such Parity Obligations, and the timing and amount of the funding of the subaccount shall not have priority over the funding of any other subaccount thereof.

If at any time there be a failure to pay into the Sinking Fund the full amounts above stipulated, then an amount equivalent to the deficiency shall be paid into the Sinking Fund from the City Road Use Tax Revenue Fund as soon as available, and the same shall be in addition to the amounts otherwise required to be so set apart and paid into the Sinking Fund.

The Sinking Fund and that portion of the Tax Revenues contained therein shall be used solely and only and are pledged for the purpose of paying the interest on and the principal of the Bonds and Parity Obligations.

Surplus Revenue. As long as the Sinking Fund and any other required sinking fund and reserve fund requirements for any Parity Obligations have the full amounts required to be deposited therein by the Resolution and any other resolution related to Parity Obligations, any balance in the Surplus Fund may be used by the City in such legal manner as the City Council may from time to time direct.

Investment of Funds

Moneys on hand in all of the funds provided in the Resolution may be invested only in permitted investments in accordance with 12B and 12C of the Code of Iowa, 2021. Interest earnings in the Project Fund shall remain in the Project Fund. Interest earnings in all other funds of the Resolution shall accrue to the respective fund until fully funded, and any excess transferred to the Sinking Fund and shall reduce the payments required to be made therein.

Modification of the Resolution

The Resolution may be amended from time to time if such amendment shall have been consented to by holders of not less than two-thirds in principal amount of the Bonds and Parity Obligations at any time outstanding (not including in any case any Bonds which may then be held or owned by or for the account of the issuer, but including such refunding Bonds, if such refunding Bonds shall not then be owned by the Issuer); but the Resolution may not be amended in such manner as to:

- 1) Make any changes in the maturity or interest rate of the Bonds and Parity Obligations, or modify the terms of payment of principal of or interest on the Bonds and Parity Obligations or impose any conditions with respect to such payment;
- 2) Materially affect the rights of the holders of less than all of the Bonds and Parity Obligations then outstanding; and
- 3) Reduce the percentage of the principal amount of the Bonds and Parity Obligations, the consent of the holders of which is required to effect a further amendment.

The Issuer shall cause notice of any proposed amendment to be mailed to each registered owner of the Bonds.

Additional Obligations – and Parity Obligations

The Bonds or any Parity Obligations shall not be entitled to priority or preference one over the other in the application of the Tax Revenues regardless of the time or times of the issuance of the Bonds or any Parity Obligations, it being the intention that there shall be no priority among the Bonds or Parity Obligations, regardless of the fact that they may have been actually issued and delivered at different times. Under the Resolution, the City covenants and agrees that so long as the Bonds or any Parity Obligations are

outstanding and unpaid, no bonds or other obligations payable from the Tax Revenues or the City Road Use Tax Revenue Fund will be issued except upon the basis of such bonds or obligations being subject to the priority and security for payment of the Bonds or any Parity Obligations then outstanding; provided, however, that the City reserves the right and privilege of issuing Parity Obligations for any lawful purpose, but only if the officially reported Tax Revenues for the last preceding fiscal year prior to the issuance of such Parity Obligations (with adjustments as hereinafter provided) were equal to at least 150% of the maximum amount of principal and interest that will become due in any subsequent year during the life of the Bonds and any Parity Obligations then outstanding, and the Parity Obligations then proposed to be issued.

For the purpose of determining the Tax Revenues for the preceding fiscal year as aforesaid, the amount of the Tax Revenues for such year may be adjusted by an independent certified public accountant, auditor or financial advisor, so as to reflect any changes in the amount of the Tax Revenues which would have resulted had any revision of the rate, formula or funding levels for distribution of the Tax Revenues by the State of Iowa, imposed at or prior to the time of the issuance of any such Parity Obligations been in effect during all of such preceding fiscal year. For the purposes of this provision, the independent certified public accountant, auditor or financial advisor may treat any current projections of Tax Revenues of the State of Iowa as if such projections had been in effect for the preceding fiscal year (including without limitation adjustment in the rate, formula or funding levels by the State of Iowa).

Obligations issued to refund the Bonds or any Parity Obligations shall not be subject to the foregoing restrictions, provided the Bonds or Parity Obligations being refunded will be redeemed within three (3) months of the date of such refunding, and the issuance of the refunding obligations will not cause an increase in the annual debt service requirements during the life of the Bonds or Parity Obligations then outstanding which are not being refunded but otherwise any Parity Obligations shall only be issued subject to the restrictions of The Resolution.

LITIGATION

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

ACCOUNTANT

The financial statements of the Issuer as of and for the year ended June 30, 2020, included in this Official Statement as Appendix D, have been audited by Gronewold, Bell, Kyhnn & Co. P.C., Atlantic, Iowa, independent auditors, as stated in their report appearing herein. Gronewold, Bell, Kyhnn & Co. P.C., has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2020, and also has not performed any procedures relating to this Official Statement.

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

PLAN OF FINANCING

The Issuer will use the proceeds of the Bonds to provide funds for the purpose of paying the cost, to that extent, of constructing street improvements and paying certain costs of issuance related to the Bonds.

SOURCES AND USES OF FUNDS*

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

Sources of Funds	
Bond Principal	\$1,760,000*
Total Sources of Funds	\$
Uses of Funds	
Project Fund	\$
Costs of Issuance & Contingency ⁽¹⁾	\$
Total Uses of Funds	\$

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

* Preliminary, subject to change.

TAX EXEMPTION AND RELATED TAX MATTERS

Federal Income Tax Exemption

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

The opinion set forth in the preceding sentence will be subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. In the resolution authorizing the issuance of the Bonds, the Issuer will covenant to comply with all such requirements.

There may be certain other federal tax consequences to the ownership of the Bonds by certain taxpayers, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will express no opinion with respect to other federal tax consequences to owners of the Bonds. Prospective purchasers of the Bonds should consult with their tax advisors as to such matters.

Proposed Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax exempt status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Qualified Tax-Exempt Obligations

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

Original Issue Premium

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

Original Issue Discount

The Bonds maturing in the years _____ (collectively, the “Discount Bonds”) are being sold at a discount from the principal amount payable on such Discount Bonds at maturity. The difference between the price at which a substantial amount of the Discount Bonds of a given maturity is first sold to the public (the “Issue Price”) and the principal amount payable at maturity constitutes “original issue discount” under the Internal Revenue Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Internal Revenue Code is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a

Discount Bond under section 1288 is added to the owner's federal tax basis in determining gain or loss upon disposition of such Discount Bond (whether by sale, exchange, redemption or payment at maturity).

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

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

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

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax-exempt status of the interest thereon (see "TAX EXEMPTION AND RELATED TAX MATTERS" herein) are subject to the approving legal opinion of Dorsey & Whitney LLP, Des Moines, Iowa, Bond Counsel, a form of which is attached hereto as "APPENDIX B – FORM OF BOND COUNSEL OPINION." Signed copies of the opinion, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel. Dorsey & Whitney LLP is also serving as Disclosure Counsel to the Issuer in connection with issuance of the Bonds.

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

CONTINUING DISCLOSURE

The Issuer will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the Issuer (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the Issuer no later than twelve months after the close of each fiscal year, commencing with the fiscal year ending June 30, 2021, with the Municipal Securities Rulemaking Board, at its internet repository named "Electronic Municipal Market Access" ("EMMA"). The notices of events, if any, are also to be filed with EMMA. See "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE." The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

During the previous five years, the Issuer did not timely link audited financial statements and annual operating data for its fiscal year ended June 30, 2016, did not timely file notice of rating change, and did not file or timely file notice of its failure to provide the aforementioned information on or before the date specified in its prior continuing disclosure undertakings.

UNDERWRITING

The Bonds are being purchased, subject to certain conditions, by D.A. Davidson & Co. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds at an aggregate purchase price of

\$_____ (reflecting the par amount of the Bonds with original issue premium of \$_____ and an underwriter's discount of \$_____).

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

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

MISCELLANEOUS

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

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

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

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

The Issuer has reviewed the information contained herein which relates to it and has approved all such information for use within this Official Statement.

The execution and delivery of this Official Statement has been duly authorized by the Issuer.

City of Newton, Iowa

/s/ _____

APPENDIX A

GENERAL INFORMATION ABOUT THE ISSUER

The Bonds and the interest thereon shall be payable solely and only out of the Tax Revenues and amounts on deposit in the Sinking Fund, as described in the Official Statement. The Bonds are not a general obligation of the Issuer. The Bonds are not payable in any manner by taxation. The following information is included solely to provide general information about the Issuer.

CITY OFFICIALS

Michael Hansen , Mayor	December 31, 2021
Mark Hallam , Council Member – First Ward	December 31, 2023
Dean Stonner , Council Member – Second Ward	December 31, 2021
Craig Trotter , Council Member – Third Ward	December 31, 2023
Steve Mullan , Council Member – Fourth Ward	December 31, 2021
Evelyn George , Council Member – At-Large	December 31, 2021
Randy Ervin , Council Member – At-Large	December 31, 2023

CITY ADMINISTRATION

Matt Muckler, City Administrator
Katrina Davis, City Clerk
Lisa Frasier, Finance Officer

BOND AND DISCLOSURE COUNSEL

DORSEY & WHITNEY, LLP
801 Grand Avenue, Suite 4100
Des Moines, IA 50309

UNDERWRITER

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

GENERAL INFORMATION

The City of Newton (the “City”), the county seat of Jasper County, is located in central Iowa on Interstate 80, one of the busiest interstate highways in the United States, and is just 25 miles from the Des Moines metropolitan area and Interstate 35. The City was first organized in 1857 and covers an area of 11.1 square miles.

The City of Newton has operated under a Mayor-Council form of government with an appointed City Administrator since 1982. Policy-making and legislative authority are vested in the governing Council that consists of a mayor and six-member council. The City Council is responsible for adopting ordinances, policy resolutions, the annual budget and six-year Capital Improvements Program, appointing committees, and hiring the City Administrator, City Clerk, and City Attorney. The City Administrator is responsible for overseeing the day-to-day operations of the government and for appointing and supervising the City’s department directors. The City Council is elected on a non-partisan basis to four-year staggered terms with three council members elected every two years. The Mayor is elected to a two-year term. Four of the council members are elected within their respective wards, and the Mayor and the two remaining council members are elected at-large.

The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of roads, streets and infrastructure; inspection and licensing functions; maintenance of grounds and buildings; municipal airport; library; cemetery and parks and recreation activities. In addition to general government activities, the municipality owns and operates enterprises for a regional landfill, water pollution control facility, parking facilities, and golf course. Transportation facilities are provided by the Iowa Interstate Railroad and a network of paved county roads. Newton Municipal Airport provides both private and commercial charter air service. The Des Moines International Airport provides commercial air service to residents of Newton.

Educational services are provided to the community through the Newton Community School District that has a district population of 21,271 and estimated enrollment of 3,000. The District operates one high school, one alternative school, one middle school and four elementary schools. Continuing education opportunities are available through the Des Moines Area Community College Polytechnic Campus. The Newton Polytechnic Campus offers a wide selection of academic courses that lead to a two-year degree, as well as a unique partnership with business and industry in the area of employee training. The City has also formed a partnership with Buena Vista University, which allows students to obtain four-year degrees. Additional post-secondary education

within commuting distance of the City is provided by Drake University and Grand View College, Des Moines; Central College, Pella; Grinnell College, Grinnell; Simpson College, Indianola; Iowa State University, Ames; Marshalltown Community College, Marshalltown; University of Iowa, Iowa City; and the University of Northern Iowa, Cedar Falls.

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

	<u>1990</u>	<u>2000</u>	<u>2010</u>
City of Newton	14,799	15,579	15,254
County of Jasper	34,795	37,213	36,842
State of Iowa	2,776,831	2,926,324	3,046,355

Source: U.S. Department of Commerce.

UNEMPLOYMENT STATISTICS ¹

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
County of Jasper	3.30%	2.95%	2.75%	3.15%	3.55%
State of Iowa	3.30%	2.75%	2.60%	3.10%	3.60%

¹ Not seasonally adjusted annual average. 2020 data is through December 31, 2020.

Source: Iowa Workforce Development website.

LARGER EMPLOYERS

<u>Employer</u>	<u>Product/Service</u>	<u>Approx. No. of Employees</u>
TPI Composites Inc	Wind Turbine Blades	1,000
Newton Community School District	Education	481
Hy-Vee Corporation	Food Retailer	269
Wal-Mart, Inc	Retail	263
Arcosa Wind Towers	Industrial/Warehouse	250
Rock Communications	Commercial Printing	200
MercyOne Newton Medical Center	Hospital	179
The Vernon Company	Specialty Advertising	179
Progress Industries	Services for Disabled	165
Van Maanen Electric	Electrical	160

Source: The City.

Larger employers in the Des Moines metropolitan area include:

<u>Employer</u>	<u>Business</u>	<u>Approx. No. of Employees</u>
Wells Fargo & Co	Financial Services	13,500
UnityPoint Health	Healthcare	8,026
Principal	Financial Services	6,500
Hy-Vee, Inc.	Retail Grocery	6,400
Nationwide	Insurance	4,525
MercyOne	Healthcare	4,276
John Deere	Ag Machinery	3,500
Corteva Agriscience	Agribusiness	2,500
Kum & Go	Convenience Store Chain	2,000
United Parcel Service (UPS)	Package Shipping	1,721

Source: The Greater Des Moines Partnership and company inquiries. The list is not to be construed as a complete profile.

CURRENT FUND BALANCES (Unaudited, as of December 31, 2020)

General Fund	\$2,664,746
Tort Liability Fund	19,150
Hotel/Motel Tax	67,590
City Garage Fund	62,307
Road Use Tax Fund	699,413
Employment Benefits Fund	339,972
Self Insurance Fund	52,883
Local Option Tax Fund	0
Tax Increment Fund	1,206,260
Housing Initiative Fund	440,734
Central Business District Fund	7,804
Hometown Rewards Fund	11,144
Debt Service Fund	602,909
Capital Improvement Fund	(540,345) ¹
Bond Proceed Funds (for Capital)	1,393,049
Perpetual Care Fund	307,475
Fred Maytag Park Endowment Fund	233,320
Memorial Gardens Perpetual Care Fund	49,570
Wastewater (WPC) Fund	1,581,757
Landfill Fund	6,851,640
Landfill Post Closure Fund	2,669,930
Stormwater Fund	0
Golf Fund	(317,901) ²
	<u>\$18,403,407</u>

1) The Capital Improvement Fund is waiting for reimbursement of \$800,000 from the State of Iowa for work completed on 1st Avenue (State Highway).

2) The Golf Fund negative balance will be eliminated with a future transfer.

Source: The City.

DEBT LIMIT CALCULATION

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by constitutional debt limit which is an amount equal to 5% of the value of taxable property within its limits as ascertained by the last state and county tax lists. The Issuer's debt limit, based upon 2019 property valuations (payable FY 2021), is illustrated below:

	<u>2019 Valuation</u>
Actual Valuation, 1/1/2019	\$920,621,198
Less: Military Exemption	<u>\$1,266,768</u>
	\$919,354,430
	x 5%
Debt Limit	<u>\$45,967,722</u>
Less Debt Subject to Debt Limit:	
General Obligation Bonds	\$34,487,000 *
TIF Rebate Obligation (Total Development Agreements)	761,000
Iowa Workforce Development Loan Guarantee ¹⁾	<u>429,474</u>
Total Debt Subject to Debt Limit	<u>\$35,677,474 *</u>
Amount of Debt Capacity Remaining	\$10,290,248
Percent of Debt Capacity Remaining	22.39%

1) City has guaranteed a Workforce Housing Loan through the Iowa Finance Authority ("IFA"). The total loan amount of \$450,000 has been drawn with \$429,474 currently outstanding. While the developer repays the debt, it is a general obligation of the City (IFA and the City execute the loan and assign interest to an outside lender and developer, respectively).

*Preliminary, subject to change (issued concurrently with the Series 2021D Bonds).

GENERAL OBLIGATION DEBT

General Obligation Debt Paid by Taxes and Tax Increment

Date	Original		Final	Amount
<u>of Issue</u>	<u>Amount</u>	<u>Purpose</u>	<u>Maturity</u>	<u>Obligated</u>
				<u>as of 4/21/21</u>
6/2015A	\$4,790,000	Various Improvements Urban Renewal Projects & Refunding (Taxable)	6/2025	\$2,890,000
6/2015B	4,705,000	Various Improvements & Urban Renewal Projects	6/2026	3,080,000
8/2017A	1,447,000	Various Improvements & Urban Renewal Projects	6/2028	1,334,000
8/2017B	1,626,000	Various Improvements & Urban Renewal Projects	6/2028	1,586,000
12/2017C	2,388,000	Various Improvements & Urban Renewal Projects	6/2032	2,112,000
4/2019A	4,310,000	Various Improvements & Urban Renewal Projects	6/2038	4,210,000
4/2019B	3,095,000	Various Improvements & Urban Renewal Projects (Taxable)	6/2034	3,095,000
11/2019C	1,995,000	Various Improvements & Urban Renewal Projects (Taxable)	6/2033	1,930,000
5/2020A	2,340,000	Various Improvements & Urban Renewal Projects	6/2039	2,340,000
5/2020B	1,230,000	Various Improvements & Urban Renewal Projects (Taxable)	6/2039	1,230,000
10/2020C	5,745,000	Current Refunding 2012 and 2014B	6/2025	5,745,000
10/2020D	1,530,000	Various Improvements/Urban Renewal Projects/Refunding 2014A (Taxable)	6/2040	1,530,000
4/2021A	2,970,000	*Various Improvements and Urban Renewal Projects	6/2040	2,970,000 *
4/2021B	435,000	*Various Improvements (Taxable)	6/2040	<u>435,000 *</u>
			Total	\$34,487,000 *

*Preliminary, subject to change (issued concurrently with the Series 2021D Bonds).

OTHER CITY DEBT

Tax Increment Revenue Debt/Obligations: The City has entered into various development agreements relating to urban renewal project as follows:

Date	Original		Amount
<u>of Issue</u>	<u>Amount</u>	<u>Purpose</u>	<u>Obligated</u>
			<u>as of 6/30/20</u>
Various	Various	Urban Renewal Development Agreements	\$1,989,729

Sewer Revenue Debt: The City has revenue debt payable solely from net revenues of the sewer enterprise fund as follows:

Date	Original		Final	Amount
<u>of Issue</u>	<u>Amount</u>	<u>Purpose</u>	<u>Maturity</u>	<u>Outstanding</u>
				<u>as of 4/21/21</u>
5/2002	\$2,261,000	Improvements (SRF Loan)	6/2023	\$430,000
4/2007	2,651,000	Improvements (SRF Loan)	6/2027	1,083,000
1/2010	548,000	Improvements (SRF Loan)	6/2030	271,000
4/2021C	*5,105,000	Improvements (issued concurrently with 2021D Bonds)	6/2041	<u>*5,105,000</u>
			Total	*\$6,889,000

*Projected, subject to change.

OTHER OBLIGATIONS

From time to time the City, pursuant to Section 403.9 of the Code of Iowa and the Issuer's urban renewal plans, has entered into Development Agreements, Rebate Agreements, and the like, which contain payment obligations from the Issuer to an external party. The Issuer's payment requirements under these contracts are not structured as general liabilities of the Issuer, but rather are exclusively secured by and payable from a pledge of the City's incremental property tax revenues (TIF) to be derived from the taxable properties (or some subset thereof) contained within an urban renewal area of the Issuer pursuant to Section 403.19 of the Code of Iowa. The City's payment obligations under these contracts are routinely contingent upon development or redevelopment performance requirements of the external party and are typically made subject to annual appropriation rights by the City Council. TIF Payments under these contracts are typically due and owing semi-annually on December 1 and June 1 of each fiscal year of the City. The City has two of these Development Agreements in place, both with an aggregate remaining maximum payment liability less than \$100,000. The aggregated (and estimated) remaining payment liability of the City under these smaller contracts is approximately \$133,750, and the last of the payments thereunder is scheduled to be paid by 2036.

In addition, the City's more significant Development Agreements, each with an estimated remaining payment liability of \$100,000 or more, and each subject to annual appropriation by the City, are listed in the following table:

<u>Third Party Agreement Name</u>	<u>Agreement Date</u>	<u>Maximum Amount Outstanding</u>	<u>Last Payment Date</u>
McCann Housing Partners	March 2019	\$600,000	2033
Lion Development Group	January 2020	\$900,000	2030
Newton Elite Properties	November 2020	\$110,000	2031
Hotel Maytag	December 2020	\$360,000	2034
Project Fast Pitch	December 2020	\$13,525,000	2043

INDIRECT GENERAL OBLIGATION DEBT

<u>Taxing District</u>	<u>1/1/2019 Taxable Valuation</u>	<u>Percent in City</u>	<u>G.O. Debt ¹⁾ (as of 4/21/21)</u>	<u>City's Proportionate Share</u>
Jasper County	\$1,894,009,243	28.79%	\$5,200,000	\$1,497,084
Newton Community School District	906,935,330	60.12%	23,425,000	14,084,073
Des Moines Area Community College	54,207,834,621	1.01%	52,490,000	528,007
City's Total Share of Overlapping Debt:				\$16,109,164

DEBT RATIOS

	<u>G.O. Debt</u>	<u>Debt/Actual Market Value</u>	<u>Debt/Taxable Market Value</u>	<u>Debt/15,254 Population</u>
Total Direct General Obligation Debt	\$35,677,474	3.88%	7.02%	\$2,338.89
City's Share of Overlapping Debt	\$16,109,164	1.75%	3.17%	\$1,056.06

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APPENDIX B

FORM OF BOND COUNSEL OPINION

We hereby certify that we have examined certified copies of the proceedings (the “Proceedings”) of the City Council of the City of Newton (the “Issuer”), in Jasper County, State of Iowa, passed preliminary to the issue by the Issuer of its Road Use Tax Revenue Bonds, Series 2021D (the “Bonds”) in the amount of \$1,760,000, dated April 21, 2021, in evidence of the Issuer’s obligation under a certain loan agreement (the “Loan Agreement”), dated as of April 21, 2021, and pursuant to a resolution of the Issuer approved on April 5, 2021 (the “Resolution”). The Bonds mature on June 1 in each of the respective years and in the principal amounts and bear interest payable semiannually, commencing June 1, and December 1 in each year, beginning December 1, 2021, at the respective rates as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>
2022	\$ 285,000	____%	2028	\$ 120,000	____%
2023	\$ 275,000	____%	2029	\$ 120,000	____%
2024	\$ 110,000	____%	2030	\$ 120,000	____%
2025	\$ 110,000	____%	2031	\$ 125,000	____%
2026	\$ 115,000	____%	2032	\$ 130,000	____%
2027	\$ 115,000	____%	2033	\$ 135,000	____%

Principal of the Bonds maturing in each of the years 2030 to 2033, inclusive, is subject to optional redemption prior to maturity on June 1, 2029, or on any date thereafter on terms of par plus accrued interest.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Proceedings show lawful authority for such issue under the laws of the State of Iowa.
2. The Bonds and the Loan Agreement are valid and legally binding limited obligations of the Issuer enforceable in accordance with their terms and the terms set forth in the Resolution.
3. The Bonds and any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity therewith under the conditions and restrictions set forth in the Resolution, are and will continue to be payable as to both principal and interest solely and only from the State Road Use Taxes in the Issuer’s Road Use Tax Revenue Fund.
4. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not treated as a preference item in calculating the federal alternative minimum tax imposed under the Internal Revenue Code of 1986 (the “Code”). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.
5. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the Bonds be, or continue to be, qualified tax-exempt obligations. The Issuer has covenanted to comply with each such requirement.
6. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

DORSEY & WHITNEY LLP

***This form of bond counsel opinion is subject to change pending the results of the sale of the Bonds contemplated herein.**

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Newton, Iowa (the “Issuer”), in connection with the issuance of \$1,760,000 Road Use Tax Revenue Bonds, Series 2021D (the “Bonds”), dated April 21, 2021. The Bonds are being issued pursuant to a resolution of the Issuer approved on April 5, 2021 (the “Resolution”). The Issuer covenants and agrees as follows:

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

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

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

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

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

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system available at <http://emma.msrb.org>.

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

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

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

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

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

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

“State” shall mean the State of Iowa.

Section 3. Provision of Annual Reports.

(a) Not later than June 30 (the “Submission Deadline”) of each year following the end of the 2020-2021 fiscal year, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file on EMMA an electronic copy of its Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate in a format and accompanied by such identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the Submission Deadline if they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and the Submission Deadline beginning with the subsequent fiscal year will become one year following the end of the changed fiscal year.

(b) If the Issuer has designated a Dissemination Agent, then not later than fifteen (15) business days prior to the Submission Deadline, the Issuer shall provide the Annual Report to the Dissemination Agent.

(c) If the Issuer is unable to provide an Annual Report by the Submission Deadline, in a timely manner thereafter, the Issuer shall, or shall cause the Dissemination Agent (if any) to, file a notice on EMMA stating that there has been a failure to provide an Annual Report on or before the Submission Deadline.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The **audited financial statements** of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such audited financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements are not available by the Submission Deadline, the Annual Report shall contain unaudited financial information (which may include any annual filing information required by State law) accompanied by a notice that the audited financial statements are not yet available, and the audited financial statements shall be filed on EMMA when they become available.

(b) Tables, schedules or other information contained in the official statement for the Bonds, under the following captions:

- 1. The following subheadings under "Security and Source of Payment for the Bonds-Description of the Road Use Tax Fund" in the forepart of the official statement: (a) The Road Use Tax Fund – The City of Newton; (b) Historical Cash Flow and Debt Coverage; and (c) Revenue Debt Paid Solely From Road Use Tax Revenues;**
- 2. Fund Balances (as of June 30);**
- 3. Debt Limit Calculation;**
- 4. General Obligation Debt;**
- 5. Other City Debt; and**
- 6. Debt Ratios**

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which are available on EMMA or are filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available on EMMA. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.

- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note to paragraph (12): For the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) If a Listed Event described in Section 5(a) paragraph (2), (7), (8) (but only with respect to bond calls under (8)), (10), (13), (14), or (15) has occurred and the Issuer has determined that such Listed Event is material under applicable federal securities laws, the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB.

(c) If a Listed Event described in Section 5(a) paragraph (1), (3), (4), (5), (6), (8) (but only with respect to tender offers under (8)), (9), (11), (12), or (16) above has occurred the Issuer shall, in a timely manner but not later than ten business days after the occurrence of such Listed Event, promptly file, or cause to be filed, a notice of such occurrence on EMMA, with such notice in a format and accompanied by such identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in Section (5)(a) paragraphs (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

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

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

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

- (a) (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to

the Bonds, or the type of business conducted; (ii) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment or waiver either (1) is approved by a majority of the Holders, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners; or

(b) the amendment or waiver is necessary to comply with modifications to or interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission.

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

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

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

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

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

Dated: April 21, 2021

CITY OF NEWTON, IOWA

By _____
Mayor

Attest:

By _____
City Clerk

APPENDIX D

AUDITED FINANCIAL STATEMENTS OF THE ISSUER

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

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CITY OF NEWTON, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2020

CITY OF NEWTON, IOWA
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INTRODUCTORY SECTION

Newton

January 8, 2021

To the Honorable Mayor, City Council, and Citizens of the City of Newton, Iowa:

I am pleased to submit the Annual Financial Report for the City of Newton, Iowa, for the fiscal year ended June 30, 2020, and to also provide information about the City organization and community. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than the U.S. Generally Accepted Accounting Principles. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Annual Financial Report is presented in four sections: Introductory, Financial, Compliance, and Statistical. The Introductory section includes the table of contents, letter of transmittal, and a list of City officials. The Financial section includes the independent auditor's report, Management's Discussion and Analysis, the basic financial statements, other information, and supplementary information.

The Compliance Section includes the Auditor's Report on Internal Control over Financial Reporting and Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. The Statistical section includes selected financial and demographic information generally presented on a multi-year basis.

The City of Newton has operated under a Mayor-Council form of government with an appointed City Administrator since 1982. Policy-making and legislative authority are vested in the governing Council, which consists of a Mayor and six-member City Council. The City Council is responsible for adopting ordinances, policy resolutions, the Annual Budget, and Capital Improvement Plan, appointing committees, and hiring the City Administrator, City Attorney, and City Clerk.

The City Administrator is responsible for overseeing the day-to-day operations of the City and for appointing and supervising the City's Department Directors. The City Council is elected on a non-partisan basis to four-year staggered terms, with three City Council members elected every two years. The Mayor is elected for a two-year term. Four of the City Council members are elected within their respective wards, and the Mayor and the two remaining City Council members are elected at-large.

This Report includes all funds of the City of Newton except for the Newton Waterworks and all discretely presented component units. The City provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of roads, streets and infrastructure; inspection and licensing functions; maintenance of grounds and buildings; municipal airport; library; cemetery; and parks and recreation activities. In addition to general government activities, the City owns and operates enterprises for a regional landfill, water pollution control facility, and golf course.

ECONOMIC CONDITION AND OUTLOOK

The City of Newton serves as the Jasper County seat and as a local employment center. It is a regional retail hub, with a full range of shopping and services that represent more than 75% of the sales in Jasper County. The official population now stands at 15,254.

The overall outlook for Newton is positive. Supported by significant housing and retail initiatives, Newton has seen economic growth in the last 12 months. In 2020, the City issued building permits for new residential construction with a total valuation of \$2,658,400. Total valuation for all permits issued in Calendar Year 2020 had a valuation of \$4,654,923.

Newton remains the stable home of many strong local employers such as Cline Tool, Rock Communications, Arcosa Wind Towers, Van Maanen Electric, MercyOne Newton Medical Center, TPI Composites, Inc., The Vernon Company, and Thombert Inc. After decreasing from FY13 to FY17, total assessed value in the City of Newton grew during FY20 for the third year in a row. In June 2020, the unemployment rate was at 8.1%, up from 2.6% in June of 2019. This increase in unemployment is directly related to the ongoing Covid-19 pandemic.

The community is located along major transportation routes near an expanding metropolitan area and is intentionally diversifying its economic base. Newton continues to position itself for consistent future growth.

CITY OPERATIONS

The Mayor, City Council, and City Staff conduct goal setting activities on a regular basis in order to provide the City with a firm sense of direction about its future, as well as to evaluate current activities. The City's 2018-2020 Comprehensive Plan was adopted in the fall of 2018. Throughout fiscal year 2019-2020, Staff and the Council worked on implementing the plan through project initiatives and major capital investments.

FINANCIAL INFORMATION

City administration is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with the Cash Basis of Accounting, which is another comprehensive basis of accounting. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of “reasonable assurance” recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

BUDGETING CONTROLS

The City maintains budgeting controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. All funds are included in the annual appropriated budget. The level of budgeting control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the program level.

As demonstrated by the financial statements and schedules included in the Financial Section of this Report, the City continues to meet its responsibility for sound financial management.

DEBT ADMINISTRATION

At June 30, 2020 the City of Newton had a number of debt issues outstanding. In fiscal year 2019-20, the City maintained an A+ rating from S&P Global Ratings on General Obligation Bond issues. Under current state statutes, the City's General Obligation debt issues are subject to a legal limitation based on 5% of total actual value of real property.

The City looks for, and calls in, bond issues that will generate annual principal and interest savings.

CASH MANAGEMENT

Cash temporarily idle during the year was invested in demand deposits and certificates of deposit. The Investment Policy adopted by the City Council stresses the importance of capital preservation. The Policy directives intend to minimize credit and market risks while maintaining a competitive yield on the portfolio. Accordingly, deposits were either covered by Federal Depository Insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

RISK MANAGEMENT

The City is fully insured for its general and auto liability as well as public official, police professional, and ambulance professional liability. Workers' compensation coverage is provided through a statewide risk pool for local governments, the Iowa Municipalities Workers' Compensation Association (IMWCA). The City is fully insured for all insurance plans for medical, dental, and prescription drug expenses.

OTHER INFORMATION

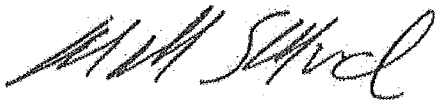
INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. Gronewold, Bell, Kyhnn & Co. P.C. has issued unmodified opinions on the City of Newton's governmental activities, the business type activities, each major fund, and aggregate remaining funds financial statements for the year ended June 30, 2020. The independent auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report.

ACKNOWLEDGMENTS

I am grateful for the support and interest of the Mayor and City Council, Department Directors, and other management Staff for their conscientiousness in planning and conducting the financial operations of the City of Newton in a responsible and progressive manner. Preparation of this Report could not have been accomplished without the dedicated services of the Finance Officer and the efficient assistance of the City's independent auditors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Matt Muckler", written in a cursive style.

Matt Muckler
City Administrator

CITY OF NEWTON, IOWA
OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January, 2020)		
Michael Hansen	Mayor	January, 2020
Craig Trotter	Council Member	January, 2020
Mark Hallam	Council Member	January, 2020
Dean Stonner	Council Member	January, 2022
Lin Chape	Council Member	January, 2020
Steve Mullan	Council Member	January, 2022
Evelyn George	Council Member	January, 2022
Matt Muckler	City Administrator	Indefinite
Katrina Davis	City Clerk	Indefinite
Matthew Brick	City Attorney	Indefinite
Lisa Frasier	Finance Officer	Indefinite
(After January, 2020)		
Michael Hansen	Mayor	January, 2022
Craig Trotter	Council Member	January, 2024
Mark Hallam	Council Member	January, 2024
Dean Stonner	Council Member	January, 2022
Steve Mullan	Council Member	January, 2022
Evelyn George	Council Member	January, 2022
Randy Ervin	Council Member	January, 2024
Matt Muckler	City Administrator	Indefinite
Katrina Davis	City Clerk	Indefinite
Matthew Brick	City Attorney	Indefinite
Lisa Frasier	Finance Officer	Indefinite

FINANCIAL SECTION

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Newton, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and
Members of the City Council

Opinions

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Major Governmental Funds:	
General	Unmodified
Special Revenue:	
Road Use Tax	Unmodified
Employee Benefits	Unmodified
Urban Renewal Tax Increment	Unmodified
Debt Service	Unmodified
Capital Projects	Unmodified
Major Enterprise Funds:	
Sewer	Unmodified
Landfill	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City's legally separate component units. Accounting principles applicable to the cash basis of accounting require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity which include the financial data for its component units. The City has not issued such reporting entity financial statements. The amounts by which this departure would affect the receipts, disbursements and cash balances of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Newton as of June 30, 2020, or the changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Newton as of June 30, 2020, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

To the Honorable Mayor and
Members of the City Council

Other Matters

Supplementary and Other Information

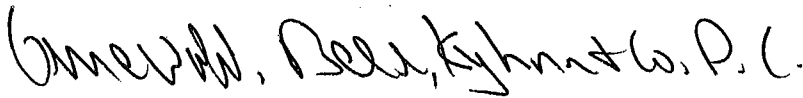
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Newton's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the five years ended June 30, 2019 (which are not presented herein) and expressed adverse and unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the four years ended June 30, 2014 (none of which are presented herein), were audited by other auditors whose report expressed adverse and unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in page 3 and pages 42 through 48 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The other information, including the Introductory Section, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability, the Schedule of City Contributions, and the Statistical Section, on pages 2 through 2c, 5 through 5f, 34 through 41, and 54 through 62, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2021 on our consideration of the City of Newton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Newton's internal control over financial reporting and compliance.



Atlantic, Iowa
January 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Newton provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2020 FINANCIAL STATEMENTS

- Receipts of the City's governmental activities decreased 9.8%, or approximately \$2,712,000, from fiscal year 2019 to fiscal year 2020. Grants, contributions and restricted interest revenues decreased by approximately \$490,000, and debt proceeds decreased by approximately \$2,366,000.
- Disbursements of the City's governmental activities increased 12.6%, or approximately \$3,106,000, in fiscal year 2020 over fiscal year 2019. Capital projects disbursements increased by approximately \$819,000 and payments to refund debt increased by approximately \$1,928,000.
- The City's total cash basis net position decreased 5.7%, or approximately \$1,132,000, from June 30, 2019 to June 30, 2020. Of this amount, the cash basis net position of the governmental activities decreased approximately \$2,366,000 and the cash basis net position of the business type activities increased approximately \$1,234,000.

USING THIS ANNUAL REPORT

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

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

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

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

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

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These funds focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Employee Benefits and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund, and 5) the Permanent Funds. The governmental fund financial statements provide a detailed view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains separate Enterprise Funds to provide information for the Sewer and Landfill Funds, considered to be major funds of the City.

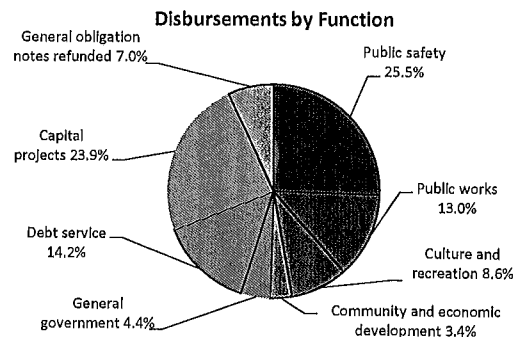
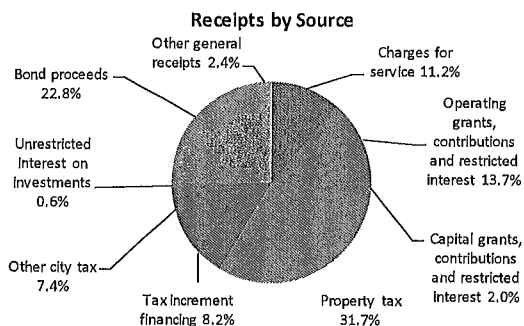
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from approximately \$11.432 million to approximately \$9.066 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)

	Year ended June 30,	
	2020	2019
Receipts:		
Program receipts:		
Charges for service	\$ 2,779	\$ 2,491
Operating grants, contributions and restricted interest	3,408	3,046
Capital grants, contributions and restricted interest	489	1,341
General receipts:		
Property tax	7,883	7,770
Tax increment financing	2,028	2,020
Other city tax	1,848	1,804
Unrestricted interest on investments	146	166
Bond proceeds	5,678	8,044
Other general receipts	601	890
Total receipts	<u>24,860</u>	<u>27,572</u>
Disbursements:		
Public safety	7,081	6,968
Public works	3,593	3,134
Culture and recreation	2,398	2,476
Community and economic development	957	1,249
General government	1,207	1,309
Debt service	3,944	3,685
Capital projects	6,634	5,815
General Obligation notes refunded	1,928	--
Total disbursements	<u>27,742</u>	<u>24,636</u>
Change in cash basis net position before transfers	(2,882)	2,936
Transfers, net	<u>516</u>	<u>373</u>
Change in cash basis net position	(2,366)	3,309
Cash basis net position beginning of year	<u>11,432</u>	<u>8,123</u>
Cash basis net position end of year	<u>\$ 9,066</u>	<u>\$ 11,432</u>



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The City's total receipts for governmental activities decreased 9.8%, or approximately \$2,712,000, over the prior year. The total cost of all programs and services increased approximately \$3,106,000, or 12.6%, with no new programs added this year. The decrease in revenues was primarily the result of debt proceed revenues. The increase in disbursements was primarily the result of the capital projects disbursements and refunding debt payments.

The cost of all governmental activities this year was approximately \$27.742 million compared to approximately \$24.636 million last year. The City's disbursements increased the most in the capital projects function. Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for services, decreased in fiscal year 2020 from approximately \$6,878,000 to approximately \$6,676,000, principally due to receiving less in capital grants, contributions and restricted interest.

Changes in Cash Basis Net Position of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2020	2019
Receipts:		
Program receipts:		
Charges for service:		
Sewer	\$ 2,976	\$ 2,764
Landfill	2,032	2,257
Golf	281	261
Operating grants, contributions and restricted interest	23	24
General receipts:		
Unrestricted interest on investments	131	163
Other general receipts	194	151
Total receipts	<u>5,637</u>	<u>5,620</u>
Disbursements:		
Sewer	2,341	2,637
Landfill	1,049	1,042
Golf	497	494
Total disbursements	<u>3,887</u>	<u>4,173</u>
Change in cash basis net position before transfers	1,750	1,447
Transfers, net	<u>(516)</u>	<u>(373)</u>
Change in cash basis net position	1,234	1,074
Cash basis net position beginning of year	<u>8,353</u>	<u>7,279</u>
Cash basis net position end of year	<u>\$ 9,587</u>	<u>\$ 8,353</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Total business type activities receipts for the fiscal year were approximately \$5.637 million compared to approximately \$5.620 million last year. This increase was due to an increase in general receipts. Total disbursements for the fiscal year decreased 6.85% to approximately \$3.887 million due to decreased sewer disbursements.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Newton completed the year, its governmental funds reported a combined fund balance of \$9,065,811, a decrease of approximately \$2,366,000 from last year's total of \$11,432,441. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$788,119 from the prior year to \$2,811,471. Disbursements decreased \$260,519, or 3.0%, over the prior year. The miscellaneous receipts increased approximately \$601,000, primarily due to the City receiving an estate donation for the Library.
- The Special Revenue, Employee Benefits Fund cash balance increased \$40,095 to \$195,435, primarily due to property tax collections plus transfers being more than benefits paid.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance decreased \$56,370 to \$(174,769). The City collected more in tax increment financing receipts and sold plots of land for approximately \$250,000 in the current year while disbursing less of rebate payments to developers.
- The Debt Service Fund cash balance decreased \$225,414 to \$126,170.
- The Capital Projects Fund cash balance decreased \$2,453,849 to \$4,566,384.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Sewer Fund cash balance increased \$359,052 to \$1,106,013, due to decreased capital project costs and increased operating receipts in the current year.
- The Enterprise, Landfill Fund cash balance increased \$971,640 to \$8,826,132 due to operating receipts being more than operating disbursements in the current year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on May 18, 2020 and resulted in an increase in operating disbursements in the amount of \$5,335,344.

The City's receipts were \$602,163 more than budgeted. This was primarily due to actual revenues in charges for services being more than budgeted and actual revenues in licenses and permits and miscellaneous being less than budgeted.

Actual disbursements were \$6,698,792 less than the amended budget. This was primarily due to actual disbursements in the debt service, capital projects, and business type activities being less than budgeted.

DEBT ADMINISTRATION

At June 30, 2020, the City had \$32,910,474 of bonds and other long-term debt outstanding, compared to \$32,483,000 last year as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2020	2019
General obligation notes and bonds	\$ 31,126	\$ 30,405
Sewer revenue capital loan notes	1,784	2,078
Total	\$ 32,910	\$ 32,483

Debt increased as a result of the City issuing \$5.678 million of General Obligation Refunding Bonds and Corporate Purpose Bonds during the year.

The City was assigned a general obligation bond rating of A+ by S&P Global Ratings in March of 2019. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$31,126,474 is significantly below its constitutional debt limit of approximately \$42 million. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Newton's elected and appointed officials and citizens considered many factors when setting the fiscal year 2021 budget, tax rates, and fees charged for various City activities. One of those factors is the economy. Unemployment in Jasper County now stands at 8.1% versus 2.6% a year ago. This compares with the State's unemployment rate of 8.4% and the national rate of 11.1%. All unemployment figures are as of June 30, 2020.

These indicators were taken into account when adopting the budget for fiscal year 2021. Amounts available for appropriation in the operating budget, including balances on hand and other financing sources, are approximately \$53 million, a decrease of 9.3% from the final fiscal year 2020 budget. The decrease is due primarily to spending unused bond proceeds for capital items. Budgeted disbursements/expenses decreased by approximately \$2.3 million dollars.

If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately 2.5 million dollars by the close of fiscal year 2021.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Frasier, Finance Officer, 101 W. 4th Street S., Newton, Iowa 50208.

CITY OF NEWTON, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION

As of and for the year ended June 30, 2020

		<u>Program Receipts</u>	
	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
Functions/Programs:			
Governmental activities:			
Public safety	\$ 7,080,878	\$ 1,493,840	\$ 476,757
Public works	3,592,615	976,662	1,984,280
Culture and recreation	2,398,550	202,808	732,351
Community and economic development	957,173	55,935	90,439
General government	1,207,102	49,599	81,401
Debt service	3,943,699	--	25,496
Capital projects	6,634,097	--	17,373
Total governmental activities	<u>25,814,114</u>	<u>2,778,844</u>	<u>3,408,097</u>
Business type activities:			
Sewer	2,340,668	2,976,127	17,599
Landfill	1,049,176	2,032,434	3,935
Golf	497,333	280,463	1,585
Total business type activities	<u>3,887,177</u>	<u>5,289,024</u>	<u>23,119</u>
Total	<u>\$ 29,701,291</u>	<u>\$ 8,067,868</u>	<u>\$ 3,431,216</u>
General Receipts and Transfers:			
Property and other city tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Hotel motel tax			
Franchise fees			
Local option sales tax			
Speedway ticket surcharge			
Unrestricted interest on investments			
Proceeds from sale of assets			
Debt proceeds			
Bonds issued for refunding debt			
Payment for refunding debt			
Miscellaneous			
Transfers			
Total general receipts and transfers			
Change in cash basis net position			
Cash basis net position beginning of year			
Cash basis net position end of year			

(continued next page)

Program Receipts Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
\$ --	\$(5,110,281)	\$ --	\$(5,110,281)
--	(631,673)	--	(631,673)
--	(1,463,391)	--	(1,463,391)
--	(810,799)	--	(810,799)
--	(1,076,102)	--	(1,076,102)
--	(3,918,203)	--	(3,918,203)
<u>489,234</u>	<u>(6,127,490)</u>	<u>--</u>	<u>(6,127,490)</u>
<u>489,234</u>	<u>(19,137,939)</u>	<u>--</u>	<u>(19,137,939)</u>
--	--	653,058	653,058
--	--	987,193	987,193
<u>--</u>	<u>--</u>	<u>(215,285)</u>	<u>(215,285)</u>
<u>--</u>	<u>--</u>	<u>1,424,966</u>	<u>1,424,966</u>
<u>\$ 489,234</u>	<u>(19,137,939)</u>	<u>1,424,966</u>	<u>(17,712,973)</u>
	6,719,932	--	6,719,932
	1,162,840	--	1,162,840
	2,027,592	--	2,027,592
	282,411	--	282,411
	99,384	--	99,384
	1,565,459	--	1,565,459
	184,000	--	184,000
	146,496	131,117	277,613
	312,341	955	313,296
	3,683,000	--	3,683,000
	1,995,000	--	1,995,000
	(1,928,000)	--	(1,928,000)
	4,935	193,257	198,192
	<u>515,919</u>	<u>(515,919)</u>	<u>--</u>
	<u>16,771,309</u>	<u>(190,590)</u>	<u>16,580,719</u>
	(2,366,630)	1,234,376	(1,132,254)
	<u>11,432,441</u>	<u>8,353,367</u>	<u>19,785,808</u>
	<u>\$ 9,065,811</u>	<u>\$ 9,587,743</u>	<u>\$ 18,653,554</u>

CITY OF NEWTON, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION - Continued

As of and for the year ended June 30, 2020

		<u>Program Receipts</u>	
	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
Cash Basis Net Position			
Restricted:			
Nonexpendable:			
Cemetery perpetual care			
Permanent endowments			
Expendable:			
Streets			
Urban renewal purposes			
Housing initiative			
Capital projects			
Debt service			
Waste reduction			
Closure and postclosure care			
Other purposes			
Unrestricted			
Total cash basis net position			

The accompanying notes are an integral part of these statements.

Program Receipts Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
	\$ 349,755	\$ --	\$ 349,755
	233,320	--	233,320
	602,532	--	602,532
(	174,769)	--	(174,769)
	279,648	--	279,648
	4,566,384	--	4,566,384
	126,170	27,795	153,965
	--	155,628	155,628
	--	2,461,956	2,461,956
	271,300	--	271,300
	<u>2,811,471</u>	<u>6,942,364</u>	<u>9,753,835</u>
	<u>\$ 9,065,811</u>	<u>\$ 9,587,743</u>	<u>\$ 18,653,554</u>

CITY OF NEWTON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2020

	<u>General</u>	<u>Special Revenue</u>	
		<u>Employee</u>	<u>Urban</u>
		<u>Benefits</u>	<u>Renewal</u>
			<u>Tax Increment</u>
Receipts:			
Property tax	\$ 3,723,880	\$ 2,569,396	\$ --
Tax increment financing	--	--	2,027,592
Other city tax	376,056	64,791	--
Licenses and permits	247,113	--	--
Use of money and property	115,504	--	2,294
Intergovernmental	727,296	78,643	57,359
Charges for service	2,268,378	--	--
Special assessments	13,093	--	--
Miscellaneous	861,346	114,256	184,000
Total receipts	<u>8,332,666</u>	<u>2,827,086</u>	<u>2,271,245</u>
Disbursements:			
Operating:			
Public safety	4,014,526	2,448,171	--
Public works	1,122,586	181,218	--
Culture and recreation	1,500,425	518,758	--
Community and economic development	719,035	101,522	14,322
General government	1,006,982	160,233	--
Debt service	--	--	--
Capital projects	--	--	--
Total disbursements	<u>8,363,554</u>	<u>3,409,902</u>	<u>14,322</u>
Excess (deficiency) of receipts over (under) disbursements	(30,888)	(582,816)	2,256,923
Other financing sources (uses):			
Debt proceeds	--	--	--
Bonds issued for refunding debt	--	--	--
Payment for refunding debt	--	--	--
Proceeds from sale of assets	41,871	--	250,000
Transfers in	777,136	622,911	--
Transfers out	--	--	(2,563,293)
Total other financing sources (uses)	<u>819,007</u>	<u>622,911</u>	<u>(2,313,293)</u>
Change in cash balances	788,119	40,095	(56,370)
Cash balances beginning of year	<u>2,023,352</u>	<u>155,340</u>	<u>(118,399)</u>
Cash balances end of year	<u>\$ 2,811,471</u>	<u>\$ 195,435</u>	<u>\$(174,769)</u>

(continued next page)

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 1,106,201	\$ --	\$ 17,035	\$ 7,416,512
--	--	--	2,027,592
23,972	--	1,565,459	2,030,278
--	--	--	247,113
5,597	85,207	4,372	212,974
32,667	489,234	1,962,242	3,347,441
--	--	--	2,268,378
--	--	--	13,093
25,496	17,373	103,372	1,305,843
<u>1,193,933</u>	<u>591,814</u>	<u>3,652,480</u>	<u>18,869,224</u>
--	--	618,181	7,080,878
--	--	2,288,811	3,592,615
--	--	379,367	2,398,550
--	--	122,294	957,173
--	--	39,887	1,207,102
3,943,699	--	--	3,943,699
--	6,634,097	--	6,634,097
<u>3,943,699</u>	<u>6,634,097</u>	<u>3,448,540</u>	<u>25,814,114</u>
(2,749,766)	(6,042,283)	203,940	(6,944,890)
105,776	3,577,224	--	3,683,000
1,995,000	--	--	1,995,000
(1,928,000)	--	--	(1,928,000)
--	10,210	10,260	312,341
2,351,576	492,718	--	4,244,341
--	(491,718)	(673,411)	(3,728,422)
<u>2,524,352</u>	<u>3,588,434</u>	<u>(663,151)</u>	<u>4,578,260</u>
(225,414)	(2,453,849)	(459,211)	(2,366,630)
<u>351,584</u>	<u>7,020,233</u>	<u>2,000,331</u>	<u>11,432,441</u>
<u>\$ 126,170</u>	<u>\$ 4,566,384</u>	<u>\$ 1,541,120</u>	<u>\$ 9,065,811</u>

CITY OF NEWTON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS - Continued

As of and for the year ended June 30, 2020

		<u>Special Revenue</u>	
	<u>General</u>	<u>Employee Benefits</u>	<u>Urban Renewal Tax Increment</u>
Cash Basis Fund Balances			
Nonspendable:			
Cemetery perpetual care	\$ --	\$ --	\$ --
Park endowment	--	--	--
Restricted for:			
Streets	--	--	--
Urban renewal purpose	--	--	(174,769)
Housing initiative	--	--	--
Capital projects	--	--	--
Debt service	--	--	--
Other purposes	--	195,435	--
Assigned for:			
Library reserve	605,049	--	--
Other purposes	18,899	--	--
Unassigned	<u>2,187,523</u>	<u>--</u>	<u>--</u>
Total cash basis fund balances	<u>\$ 2,811,471</u>	<u>\$ 195,435</u>	<u>\$ (174,769)</u>

The accompanying notes are an integral part of these statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ --	\$ --	\$ 349,755	\$ 349,755
--	--	233,320	233,320
--	--	602,532	602,532
--	--	--	(174,769)
--	--	279,648	279,648
--	4,566,384	--	4,566,384
126,170	--	--	126,170
--	--	75,865	271,300
--	--	--	605,049
--	--	--	18,899
--	--	--	2,187,523
<u>\$ 126,170</u>	<u>\$ 4,566,384</u>	<u>\$ 1,541,120</u>	<u>\$ 9,065,811</u>

CITY OF NEWTON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS

As of and for the year ended June 30, 2020

	Enterprise	
	Sewer	Landfill
Operating receipts:		
Charges for service	\$ 2,976,127	\$ 2,002,724
Total operating receipts	2,976,127	2,002,724
Operating disbursements:		
Business type activities	1,651,038	856,898
Total operating disbursements	1,651,038	856,898
Excess (deficiency) of operating receipts over (under) operating disbursements	1,325,089	1,145,826
Non-operating receipts (disbursements):		
Interest on investments	13,224	117,893
Miscellaneous	26,288	69,984
Rent	--	29,710
Proceeds from sale of assets	--	505
Debt service	(339,235)	--
Capital projects	(350,395)	(192,278)
Net non-operating receipts (disbursements)	(650,118)	25,814
Excess (deficiency) of receipts over (under) disbursements	674,971	1,171,640
Transfers in	491,718	--
Transfers out	(807,637)	(200,000)
Total transfers in (out)	(315,919)	(200,000)
Change in cash balances	359,052	971,640
Cash balances beginning of year	746,961	7,854,492
Cash balances end of year	\$ 1,106,013	\$ 8,826,132
Cash Basis Fund Balances		
Restricted for:		
Debt service	\$ 27,795	\$ --
Waste reduction	--	155,628
Closure and postclosure care	--	2,461,956
Unrestricted	1,078,218	6,208,548
Total cash basis fund balances	\$ 1,106,013	\$ 8,826,132

The accompanying notes are an integral part of these statements.

Enterprise	
<u>Nonmajor-Golf</u>	<u>Total</u>
\$ 280,463	\$ 5,259,314
280,463	5,259,314
473,340	2,981,276
473,340	2,981,276
(192,877)	2,278,038
--	131,117
120,104	216,376
--	29,710
450	955
--	(339,235)
(23,993)	(566,666)
96,561	(527,743)
(96,316)	1,750,295
--	491,718
--	(1,007,637)
--	(515,919)
(96,316)	1,234,376
(248,086)	8,353,367
<u>\$(344,402)</u>	<u>\$ 9,587,743</u>
\$ --	\$ 27,795
--	155,628
--	2,461,956
(344,402)	6,942,364
<u>\$(344,402)</u>	<u>\$ 9,587,743</u>

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Newton is a political subdivision of the State of Iowa located in Jasper County. It was first incorporated in 1857 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 provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development and general government services. In addition to general government activities, the municipality owns and operates enterprises for sewer services, a regional landfill and a golf course.

A. Reporting Entity

For financial reporting purposes, the City of Newton 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.

Excluded Component Units

These financial statements present the City of Newton (the primary government). The financial statements do not include financial data for the Newton Municipal Waterworks, Newton Public Library Foundation and Friends of the Newton Public Library, legally separate entities which should be reported as discretely presented component units.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Mid-Iowa Narcotics Enforcement, Jasper County Joint E911 Service Board, Jasper County Assessor's Conference Board and Jasper County Emergency Management Commission.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation

Government-wide Financial Statement

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

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

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Funds.

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

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

Fund Financial Statements

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City reports the following major governmental funds:

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

Special Revenue:

The Employee Benefits Fund is used to account for the employee benefit property tax levy for the payment of employment benefits.

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

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

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

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

The Enterprise, Landfill Fund accounts for the operation and maintenance of the Newton Sanitary Landfill.

C. Measurement Focus and Basis of Accounting

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

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

D. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the City Council in March 2019.

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

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

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

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - CASH AND POOLED INVESTMENTS - Continued

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

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

NOTE 3 - BONDS AND NOTES PAYABLE

A summary of changes in bonds and notes payable for the year ended June 30, 2020 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation					
Bonds/Notes	<u>\$ 30,405,000</u>	<u>\$ 5,678,000</u>	<u>\$ 4,956,526</u>	<u>\$ 31,126,474</u>	<u>\$ 3,155,254</u>
Governmental Activities					
Total	<u>\$ 30,405,000</u>	<u>\$ 5,678,000</u>	<u>\$ 4,956,526</u>	<u>\$ 31,126,474</u>	<u>\$ 3,155,254</u>
Business Type Activities:					
Sewer Revenue Notes	<u>\$ 2,078,000</u>	<u>\$ --</u>	<u>\$ 294,000</u>	<u>\$ 1,784,000</u>	<u>\$ 302,000</u>
Business Type Activities					
Total	<u>\$ 2,078,000</u>	<u>\$ --</u>	<u>\$ 294,000</u>	<u>\$ 1,784,000</u>	<u>\$ 302,000</u>

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

Annual debt service requirements to maturity for general obligation bonds and notes and revenue notes are as follows:

Year Ending June 30,	General Obligation Notes & Bonds		Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 3,155,254	\$ 854,073	\$ 302,000	\$ 34,607	\$ 3,457,254	\$ 888,680
2022	3,204,467	780,358	312,000	29,035	3,516,467	809,393
2023	3,299,683	704,374	323,000	23,275	3,622,683	727,649
2024	3,322,900	630,746	180,000	17,310	3,502,900	648,056
2025	3,352,120	552,501	186,000	13,835	3,538,120	566,336
2026 - 2030	7,520,968	1,831,299	481,000	22,218	8,001,968	1,853,517
2031 - 2035	4,988,797	856,799	--	--	4,988,797	856,799
2036 - 2039	2,282,285	175,944	--	--	2,282,285	175,944
	<u>\$ 31,126,474</u>	<u>\$6,386,094</u>	<u>\$1,784,000</u>	<u>\$ 140,280</u>	<u>\$ 32,910,474</u>	<u>\$6,526,374</u>

General Obligation Notes/Bonds

On June 27, 2012, the City issued \$9,385,000 of general obligation bonds with interest rates ranging from 1.00% to 2.25% per annum. The bonds were issued for refunding prior general obligation bonds and for urban renewal projects. During the year ended June 30, 2020, the City paid \$845,000 of principal and \$99,620 of interest on the bonds. The bonds mature in fiscal year 2025.

On June 18, 2014, the City issued \$4,330,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 2.90% per annum. The bonds were issued for refunding prior general obligation bonds, urban renewal projects and for the Housing Initiative Program. During the year ended June 30, 2020, the City paid \$655,000 of principal and \$41,375 of interest on the bonds. The bonds mature in fiscal year 2023.

On June 18, 2014, the City issued \$2,525,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 2.15% per annum. The bonds were issued for refunding prior general obligation bonds, urban renewal projects and other general improvement projects. During the year ended June 30, 2020, the City paid \$155,000 of principal and \$31,753 of interest on the bonds. The bonds mature in fiscal year 2024.

On June 30, 2015, the City issued \$4,790,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 2.95% per annum. The bonds were issued for urban renewal projects and housing initiative projects. During the year ended June 30, 2020 the City paid \$540,000 of principal and \$85,925 of interest on the bonds. The bonds mature in fiscal year 2025.

On June 30, 2015, the City issued \$4,705,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 3.00% per annum. The bonds were issued for urban renewal projects, equipment purchases, street, sanitary sewer system, sidewalk improvements and traffic control improvements. During the year ended June 30, 2020, the city paid \$430,000 of principal and \$80,087 of interest on the bonds. The bonds mature in fiscal year 2026.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

On August 22, 2017, the City issued \$1,448,000 of general obligation urban renewal bonds with an interest rate of 3.10%. The bonds were issued for street, sanitary sewer system, storm water drainage, sidewalk improvements, installation of public emergency sirens, equipment purchases and funding for the Newton Housing Initiative Program. During the year ended June 30, 2020, the City paid \$48,000 of principal and \$42,842 of interest on the bonds. The bonds mature in fiscal year 2028.

On August 22, 2017, the City issued \$1,632,000 of general obligation urban renewal bonds with an interest rate of 2.10%. The bonds were issued for street, sanitary sewer system, storm water drainage, sidewalk improvements, installation of public emergency sirens, equipment purchases and funding for the Newton Housing Initiative Program. During the year ended June 30, 2020, the City paid \$29,000 of principal and \$33,915 of interest on the bonds. The bonds mature in fiscal year 2028.

On December 6, 2017, the City issued \$2,388,000 of general obligation urban renewal bonds with an interest rate of 3.42%. The bonds were issued for urban renewal projects, street improvements and downtown funding for development projects. During the year ended June 30, 2020, the City paid \$141,000 of principal and \$77,053 of interest on the bonds. The bonds mature in fiscal year 2032.

On May 24, 2018, the City issued \$450,000 of general obligation housing development notes with an interest rate of 1.00%. The notes were issued to provide a flexible program of financial assistance in the form of low-interest loans to provide workforce housing in needed areas. During the year ended June 30, 2020, the City paid \$20,526 of principal and \$4,969 of interest on the notes. The notes mature in fiscal year 2039.

On April 16, 2019, the City issued \$4,310,000 of general obligation urban renewal bonds with interest rates ranging from 2.00% to 4.00% per annum. The bonds were issued for sanitary sewer system, storm water drainage, sidewalk, airport, parks, city hall, library, fire station, golf course, Maytag pool, parking lot and traffic control improvements, acquisition of abandoned properties, equipment purchases and the gas plant project. During the year ended June 30, 2020, the City paid \$100,000 of principal and \$167,217 of interest on the bonds. The bonds mature in fiscal year 2038.

On April 16, 2019, the City issued \$3,095,000 of general obligation urban renewal bonds with interest rates ranging from 2.85% to 3.60% per annum. The bonds were issued for urban renewal projects, sanitary sewer system, storm water drainage, sidewalk, airport, parks, city hall, library, fire station, golf course, Maytag pool, parking lot and traffic control improvements, acquisition of abandoned properties, equipment purchases and the gas plant project. During the year ended June 30, 2020 the City paid \$0 of principal and \$114,860 of interest on the bonds. The bonds mature in fiscal year 2034.

On November 7, 2019, the City issued \$1,995,000 of general obligation bonds with interest rates ranging from 1.85% to 3.13% per annum. The bonds were issued for refunding prior general obligation bonds. During the year ended June 30, 2020, the City paid \$65,000 of principal and \$27,576 of interest on the bonds. The bonds mature in fiscal year 2038.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

On April 6, 2020, the City issued \$2,340,000 of general obligation bonds with an interest rate of 3.00%. The bonds were issued for urban renewal projects, equipment purchases, sidewalk improvements and refunding prior callable general obligation bonds. During the year ended June 30, 2020, the City paid \$0 of principal and \$0 of interest on the bonds. The bonds mature in fiscal year 2039.

On April 6, 2020, the City issued \$1,230,000 of general obligation bonds with interest rates ranging from 2.61% to 3.55% per annum. The bonds were issued for paying the cost of acquiring, demolishing, and/or restoring dangerous, dilapidated and/or abandoned properties. During the year ended June 30, 2020, the City paid \$0 of principal and \$0 of interest on the bonds. The bonds mature in fiscal year 2039.

Revenue Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2,261,000 of sewer revenue notes issued in April 2002, \$2,561,000 issued in April 2007 and \$548,000 issued in January 2010. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes carry an interest rate of 1.75%, 1.75% and 3.00%, respectively and are payable solely from sewer customer net receipts and are payable through 2023, 2027 and 2030, respectively. Annual principal and interest payments on the notes required approximately 25% of net receipts during the year. The total principal and interest remaining to be paid on the notes is \$1,924,280. For the current year, principal and interest paid and total customer net receipts were \$334,040 and \$1,325,089, respectively.

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

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a sewer revenue note sinking account within the Enterprise, Sewer Fund for the purpose of making the note principal and interest payments when due.
- (c) User rates shall be established and charged to customers of the utility, including the City, to produce and maintain net receipts at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

NOTE 4 - IPERS PENSION PLAN

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

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

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

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

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

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

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

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

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.61% of covered payroll and the City contributed 9.91% of covered payroll, for a total rate of 16.52%.

The City's contributions to IPERS for the year ended June 30, 2020 totaled \$390,986.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$3,023,073 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the City's proportion was 0.064541%, which was an increase of 0.001790% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$563,202, \$482,062 and \$601,054 respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100%</u>	

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - IPERS PENSION PLAN - Continued

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% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 5,405,017	\$ 3,023,073	\$ 1,025,170

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

NOTE 5 - MFPRSI PENSION PLAN

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

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

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

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen, plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

Active members at least 55 years of age with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. When electing to participate in DROP, the member signs a contract stating the member will retire at the end of the selected DROP period. During the DROP period, the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability benefits may be either accidental or ordinary. Accidental disability is defined as a permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation for those with 5 or more years of service or the member's service retirement benefit calculation amount and 25% of average final compensation for those with less than 5 years of service.

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

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

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2020.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 24.41% for the year ended June 30, 2020.

The City's contributions to MFPRSI for the year ended June 30, 2020 totaled \$801,647.

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

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2020.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$6,463,756 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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 MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2019, the City's proportion was 0.985439% which was a decrease of 0.079694% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$1,377,143, \$1,291,683, and \$477,060 respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 through June 30, 2017.

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap	5.5%
Small Cap	5.8%
International Large Cap	7.3%
Emerging Markets	9.0%
Emerging Markets Debt	6.3%
Private Non-Core Real Estate	8.0%
Master Limited Partnerships	9.0%
Private Equity	9.0%
Core Plus Fixed Income	3.3%
Private Core Real Estate	6.0%
Tactical Asset Allocation	6.4%

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - MFPRSI PENSION PLAN - Continued

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net pension liability	\$ 10,524,128	\$ 6,463,756	\$ 3,100,973

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

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2020, the City contributed \$2,366,999 and plan members eligible for benefits contributed \$144,297 to the plan. At June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	123
Total	126

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 - COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensatory time and vacation payable to employees at June 30, 2020, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 758,000
Compensatory time	<u>28,000</u>
Total	<u>\$ 786,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2020.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Road Use Tax	\$ 50,500
	Urban Renewal Tax Increment	326,636
	Enterprise:	
	Sewer	200,000
	Landfill	200,000
		<u>777,136</u>
Special Revenue:	Special Revenue:	
Employee Benefits	Self Insurance	75,000
	Local Option Sales Tax	547,911
		<u>622,911</u>
Capital Projects	Special Revenue:	
	Urban Renewal Tax Increment	1,000
	Enterprise:	
	Sewer	491,718
		<u>492,718</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	2,235,657
	Enterprise:	
	Sewer	115,919
		<u>2,351,576</u>
Enterprise:	Capital Projects	
Sewer		<u>491,718</u>
Total		<u>\$ 4,736,059</u>

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - CLOSURE AND POSTCLOSURE CARE AND FINANCIAL ASSURANCE

To comply with federal and state regulations, the City is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills which receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that year. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology or applicable laws or regulations.

These costs for the City have been estimated at \$4,345,080 for closure and \$1,716,000 for postclosure, for a total of \$6,061,080 as of June 30, 2020. The estimated remaining life of the landfill is 135 years, with approximately 46% of the landfill's capacity used at June 30, 2020.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The City has begun to accumulate resources to fund these costs and, at June 30, 2020, assets of \$2,461,956 are restricted for these purposes. They are reported as restricted cash basis fund balance in the Enterprise, Landfill fund in the Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Proprietary Funds.

Also, pursuant to Chapter 567-113.14 of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the City is required to demonstrate financial assurance for the unfunded costs. The City has adopted the local government financial test financial assurance mechanism. Under this mechanism, the City must certify the following to the Iowa Department of Natural Resources:

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - CLOSURE AND POSTCLOSURE CARE AND FINANCIAL ASSURANCE -
Continued

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number of years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the City is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

NOTE 10 - SOLID WASTE TONNAGE FEES RETAINED

The City has established an account for restricting and using solid waste tonnage fees retained by the City in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2020, the City had unspent tonnage fees of \$155,628.

NOTE 11 - RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 11 - RISK MANAGEMENT - Continued

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

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2020 were \$196,862.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The City also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation and for the Newton Municipal Airport for liability insurance in the amount of \$1,000,000 and \$5,000,000, respectively. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 12 - DEVELOPMENT AGREEMENTS

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

The total amount rebated during the year ended June 30, 2020 was \$14,322. The estimated outstanding balance of the agreements at June 30, 2020 is \$2,087,644.

These agreements are not a general obligation of the City. However, the agreements are subject to the constitutional debt limitation of the City, except for the amounts which require an annual appropriation by the City Council. The amount of the development agreements subject to the constitutional debt limit at June 30, 2020 is \$ - 0 - .

NOTE 13 - CONSTRUCTION COMMITMENTS

The City has entered into construction contracts totaling approximately \$10,597,000 for street, sidewalk, trail, airport, sanitary sewer, landfill and sewer improvements. As of June 30, 2020, approximately \$7,131,000 had been paid on the contracts. The remaining \$3,466,000 will be paid from existing funds as work on the projects progresses.

NOTE 14 - DEFICIT BALANCES

The City had deficit balances at June 30, 2020, as follows:

<u>Fund</u>	<u>Amount</u>
Special Revenue:	
Speedway/Prairie Fire TIF	\$ 400,643
Enterprise:	
Golf	344,402

The deficit balances are the result of costs incurred prior to availability of funds. The deficit in the Enterprise, Golf Fund will be eliminated through future receipts. The deficits in the Special Revenue, Speedway/Prairie Fire TIF fund will be eliminated through future tax increment financing collections.

CITY OF NEWTON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 15 - TAX ABATEMENTS

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

City Tax Abatements

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

For the year ended June 30, 2020, \$5,868 of property tax was diverted from the City under the urban renewal and economic development agreements.

NOTE 16 - DEFEASANCE OF DEBT

On November 7, 2019, the City issued \$1,995,000 of general obligation refunding bonds with an interest rate ranging from 1.85% to 3.13% per annum to current refund \$1,928,000 of general obligation urban renewal bonds dated March 19, 2018 with an average interest rate of 4.08%. The net proceeds of \$1,952,584 (after a bond discount of \$21,945, an original issue discount of \$5,696, and other issuance costs) were used to refund the debt. The refunding was undertaken to reduce total debt service payments over the next 18 years by \$98,131 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$141,311.

NOTE 17 - SUBSEQUENT EVENTS

The City has evaluated all subsequent events through January 8, 2021, the date the financial statements were available to be issued.

* * *

OTHER INFORMATION

CITY OF NEWTON, IOWA
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL
FUNDS AND PROPRIETARY FUNDS
OTHER INFORMATION

Year ended June 30, 2020

	<u>Cash Basis</u>		<u>(Unaudited)</u> <u>GAAP Basis</u> <u>Component Unit</u> Newton Municipal Waterworks Actual
	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	
Receipts:			
Property tax	\$ 7,416,512	\$ --	\$ --
Tax increment financing	2,027,592	--	--
Other city tax	2,030,278	--	--
Licenses and permits	247,113	--	--
Use of money and property	212,974	160,827	--
Intergovernmental	3,347,441	--	--
Charges for service	2,268,378	5,259,314	3,637,152
Special assessments	13,093	--	--
Miscellaneous	1,305,843	216,376	--
Total receipts	<u>18,869,224</u>	<u>5,636,517</u>	<u>3,637,152</u>
Disbursements:			
Public safety	7,080,878	--	--
Public works	3,592,615	--	--
Culture and recreation	2,398,550	--	--
Community and economic development	957,173	--	--
General government	1,207,102	--	--
Debt service	3,943,699	--	--
Capital projects	6,634,097	--	--
Business type activities	--	3,887,177	3,249,237
Total disbursements	<u>25,814,114</u>	<u>3,887,177</u>	<u>3,249,237</u>
Excess (deficiency) of receipts over (under) disbursements	(6,944,890)	1,749,340	387,915
Other financing sources (uses), net	<u>4,578,260</u>	<u>(514,964)</u>	<u>--</u>
Change in fund balances	(2,366,630)	1,234,376	387,915
Balances beginning of year	<u>11,432,441</u>	<u>8,353,367</u>	<u>6,084,911</u>
Balances end of year	<u>\$ 9,065,811</u>	<u>\$ 9,587,743</u>	<u>\$ 6,472,826</u>

See accompanying independent auditor's report.

<u>Total</u>	<u>Budgeted Amounts</u>		<u>Final to Total Variance</u>
	<u>Original</u>	<u>Final</u>	
\$ 7,416,512	\$ 7,510,478	\$ 7,510,478	\$ (93,966)
2,027,592	2,088,844	2,088,844	(61,252)
2,030,278	2,018,549	2,018,549	11,729
247,113	357,650	357,650	(110,537)
373,801	278,810	278,810	94,991
3,347,441	3,303,293	3,305,218	42,223
11,164,844	10,229,155	10,229,155	935,689
13,093	21,500	21,500	(8,407)
<u>1,522,219</u>	<u>1,141,694</u>	<u>1,730,526</u>	<u>(208,307)</u>
<u>28,142,893</u>	<u>26,949,973</u>	<u>27,540,730</u>	<u>602,163</u>
7,080,878	7,245,266	7,360,266	279,388
3,592,615	3,199,896	3,849,896	257,281
2,398,550	2,652,872	2,656,216	257,666
957,173	1,005,042	1,137,042	179,869
1,207,102	1,218,428	1,253,428	46,326
3,943,699	3,860,998	6,360,998	2,417,299
6,634,097	7,787,200	9,487,200	2,853,103
<u>7,136,414</u>	<u>7,344,274</u>	<u>7,544,274</u>	<u>407,860</u>
<u>32,950,528</u>	<u>34,313,976</u>	<u>39,649,320</u>	<u>6,698,792</u>
(4,807,635)	(7,364,003)	(12,108,590)	7,300,955
<u>4,063,296</u>	<u>7,813,977</u>	<u>9,813,977</u>	<u>(5,750,681)</u>
(744,339)	449,974	(2,294,613)	1,550,274
<u>25,870,719</u>	<u>18,583,853</u>	<u>18,583,853</u>	<u>7,286,866</u>
<u>\$ 25,126,380</u>	<u>\$ 19,033,827</u>	<u>\$ 16,289,240</u>	<u>\$ 8,837,140</u>

CITY OF NEWTON, IOWA
NOTES TO OTHER INFORMATION -
BUDGETARY REPORTING

June 30, 2020

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis, except as noted below, following required public notice and hearing for all funds. The City's budget includes the Newton Municipal Waterworks, a component unit, not included in the City's financial statements because it uses a financial reporting framework which differs from the framework used by the City. Newton Municipal Waterworks budgets on the GAAP basis. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements/expenses known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements/expenses required to be budgeted include disbursements/expenses for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Permanent Funds, and Enterprise Funds. Although the budget document presents function disbursements/expenses by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements/expenses by \$5,335,344. The budget amendment is reflected in the final budgeted amounts.

CITY OF NEWTON, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST SIX YEARS*

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.064541%	0.062751%
City's proportionate share of the net pension liability	\$ 3,023,000	\$ 3,221,000
City's covered payroll	\$ 4,042,000	\$ 3,778,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	74.79%	85.26%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%

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

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.064586%	0.066760%	0.066986%	0.068103%
\$ 3,452,000	\$ 3,427,000	\$ 2,703,000	\$ 2,195,000
\$ 3,988,000	\$ 3,968,000	\$ 3,790,000	\$ 3,606,000
86.56%	86.37%	71.32%	60.87%
82.21%	81.82%	85.19%	87.61%

CITY OF NEWTON, IOWA
SCHEDULE OF CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 391,000	\$ 382,000	\$ 338,000	\$ 357,000
Contributions in relation to the statutorily required contribution	<u>(391,000)</u>	<u>(382,000)</u>	<u>(338,000)</u>	<u>(357,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 4,139,000	\$ 4,042,000	\$ 3,778,000	\$ 3,988,000
Contributions as a percentage of covered payroll	9.45%	9.45%	8.95%	8.95%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 355,000	\$ 339,000	\$ 322,000	\$ 305,000	\$ 280,000	\$ 237,000
<u>(355,000)</u>	<u>(339,000)</u>	<u>(322,000)</u>	<u>(305,000)</u>	<u>(280,000)</u>	<u>(237,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 3,968,000	\$ 3,790,000	\$ 3,606,000	\$ 3,520,000	\$ 3,470,000	\$ 3,410,000
8.95%	8.93%	8.93%	8.67%	8.07%	6.95%

CITY OF NEWTON, IOWA
NOTES TO OTHER INFORMATION - IPERS PENSION LIABILITY
YEAR ENDED JUNE 30, 2020

Changes of benefit terms:

There are no significant changes of benefit terms.

Changes of assumptions:

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

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

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

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

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

* * *

See accompanying independent auditor's report.

CITY OF NEWTON, IOWA
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
 FOR THE LAST SIX YEARS*

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.985439%	1.065133%
City's proportionate share of the net pension liability	\$ 6,464,000	\$ 6,342,000
City's covered payroll	\$ 2,982,000	\$ 3,096,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	216.77%	204.84%
MFPRSI's net position as a percentage of the total pension liability	79.94%	81.07%

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

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
1.059213%	1.064467%	1.090944%	1.065256%
\$ 6,212,000	\$ 6,656,000	\$ 5,125,000	\$ 3,862,000
\$ 3,000,000	\$ 2,885,000	\$ 2,861,000	\$ 2,815,000
207.07%	230.73%	179.13%	137.19%
80.60%	78.20%	83.04%	86.27%

CITY OF NEWTON, IOWA
SCHEDULE OF CITY CONTRIBUTIONS
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
FOR THE LAST TEN YEARS

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 802,000	\$ 776,000	\$ 795,000	\$ 778,000
Contributions in relation to the statutorily required contribution	<u>(802,000)</u>	<u>(776,000)</u>	<u>(795,000)</u>	<u>(778,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 3,284,000	\$ 2,982,000	\$ 3,096,000	\$ 3,000,000
Contributions as a percentage of covered payroll	24.42%	26.02%	25.68%	25.92%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 801,000	\$ 870,000	\$ 848,000	\$ 738,000	\$ 700,000	\$ 511,000
<u>(801,000)</u>	<u>(870,000)</u>	<u>(848,000)</u>	<u>(738,000)</u>	<u>(700,000)</u>	<u>(511,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 2,885,000	\$ 2,861,000	\$ 2,815,000	\$ 2,825,000	\$ 2,827,000	\$ 2,570,000
27.76%	30.41%	30.12%	26.12%	24.76%	19.90%

CITY OF NEWTON, IOWA
NOTES TO OTHER INFORMATION - MFPRSI PENSION LIABILITY
YEAR ENDED JUNE 30, 2020

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

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

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

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

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

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

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

CITY OF NEWTON, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2020

	Special Revenue			
	Road Use Tax	Self Insurance	Housing Initiative	Local Option Sales Tax
Receipts:				
Property tax	\$ --	\$ --	\$ --	\$ --
Other city tax	--	--	--	1,565,459
Use of money and property	--	--	4,338	--
Intergovernmental	1,960,724	--	--	--
Miscellaneous	--	54,404	48,603	--
Total receipts	<u>1,960,724</u>	<u>54,404</u>	<u>52,941</u>	<u>1,565,459</u>
Disbursements:				
Operating:				
Public safety	--	--	--	618,181
Public works	2,268,811	--	--	20,000
Culture and recreation	--	--	--	379,367
Community and economic development	31,778	--	79,123	--
General government	--	39,887	--	--
Total disbursements	<u>2,300,589</u>	<u>39,887</u>	<u>79,123</u>	<u>1,017,548</u>
Excess (deficiency) of receipts over (under) disbursements	(339,865)	14,517	(26,182)	547,911
Other financing sources (uses):				
Proceeds from sale of assets	--	--	2,700	--
Transfers out	(50,500)	(75,000)	--	(547,911)
Total other financing sources (uses)	<u>(50,500)</u>	<u>(75,000)</u>	<u>2,700</u>	<u>(547,911)</u>
Change in cash balances	(390,365)	(60,483)	(23,482)	--
Cash balances beginning of year	<u>992,897</u>	<u>111,533</u>	<u>303,130</u>	<u>--</u>
Cash balances end of year	<u>\$ 602,532</u>	<u>\$ 51,050</u>	<u>\$ 279,648</u>	<u>\$ --</u>

(continued next page)

Special Revenue		Permanent				
Self Supported Municipal Improvement District	Hometown Rewards	Cemetery Perpetual Care	Memorial Garden	Fred Maytag Park Endowment	Total	
\$ 17,035	\$ --	\$ --	\$ --	\$ --	\$ 17,035	
--	--	--	--	--	1,565,459	
34	--	--	--	--	4,372	
1,518	--	--	--	--	1,962,242	
365	--	--	--	--	103,372	
<u>18,952</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,652,480</u>	
--	--	--	--	--	618,181	
--	--	--	--	--	2,288,811	
--	--	--	--	--	379,367	
11,393	--	--	--	--	122,294	
--	--	--	--	--	39,887	
<u>11,393</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,448,540</u>	
7,559	--	--	--	--	203,940	
--	--	7,560	--	--	10,260	
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(673,411)</u>	
--	--	7,560	--	--	(663,151)	
<u>--</u>	<u>--</u>	<u>7,560</u>	<u>--</u>	<u>--</u>	<u>(459,211)</u>	
7,559	--	7,560	--	--	(459,211)	
6,112	11,144	292,625	49,570	233,320	2,000,331	
<u>\$ 13,671</u>	<u>\$ 11,144</u>	<u>\$ 300,185</u>	<u>\$ 49,570</u>	<u>\$ 233,320</u>	<u>\$ 1,541,120</u>	

CITY OF NEWTON, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2020

<u>Special Revenue</u>				
	<u>Road Use Tax</u>	<u>Self Insurance</u>	<u>Housing Initiative</u>	<u>Local Option Sales Tax</u>
Cash Basis Fund Balances				
Nonspendable:				
Cemetery perpetual care	\$ --	\$ --	\$ --	\$ --
Park endowment	--	--	--	--
Restricted for:				
Streets	602,532	--	--	--
Housing initiative	--	--	279,648	--
Other purposes	<u> --</u>	<u> 51,050</u>	<u> --</u>	<u> --</u>
Total cash basis fund balance	<u>\$ 602,532</u>	<u>\$ 51,050</u>	<u>\$ 279,648</u>	<u>\$ --</u>

See accompanying independent auditor's report.

<u>Special Revenue</u>		<u>Permanent</u>			<u>Total</u>
<u>Self Supported Municipal Improvement District</u>	<u>Hometown Rewards</u>	<u>Cemetery Perpetual Care</u>	<u>Memorial Garden</u>	<u>Fred Maytag Park Endowment</u>	
\$ --	\$ --	\$ 300,185	\$ 49,570	\$ --	\$ 349,755
--	--	--	--	233,320	233,320
--	--	--	--	--	602,532
--	--	--	--	--	279,648
<u>13,671</u>	<u>11,144</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>75,865</u>
<u>\$ 13,671</u>	<u>\$ 11,144</u>	<u>\$ 300,185</u>	<u>\$ 49,570</u>	<u>\$ 233,320</u>	<u>\$ 1,541,120</u>

CITY OF NEWTON, IOWA
SCHEDULE OF INDEBTEDNESS
Year ended June 30, 2020

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General Obligation Notes and Bonds:			
2012 G.O. Corporate Refunding Bonds	June 27, 2012	1.00 - 2.25%	\$ 9,385,000
2014A G.O. Urban Renewal Bonds	June 18, 2014	2.00 - 2.90%	4,330,000
2014B G.O. Urban Renewal Bonds	June 18, 2014	2.00 - 2.15%	2,525,000
2015A G.O. Urban Renewal Bonds	June 30, 2015	2.00 - 2.95%	4,790,000
2015B G.O. Urban Renewal Bonds	June 30, 2015	2.00 - 3.00%	4,705,000
2017A G.O. Urban Renewal Bonds	August 22, 2017	3.10%	1,448,000
2017B G.O. Urban Renewal Bonds	August 22, 2017	2.10%	1,632,000
2017C G.O. Urban Renewal Bonds	December 6, 2017	3.42%	2,388,000
2018A G.O. Urban Renewal Bonds	March 19, 2018	4.08%	1,971,000
2018 Housing Development Loan	May 24, 2018	1.00%	450,000
2019A G.O. Urban Renewal Bonds	April 16, 2019	2.00 - 4.00%	4,310,000
2019B G.O. Urban Renewal Bonds	April 16, 2019	2.85 - 3.60%	3,095,000
2019C G.O. Refunding Bonds	November 7, 2019	1.85 - 3.13%	1,995,000
2020A G.O. Corporate Purpose Bonds	April 6, 2020	3.00%	2,340,000
2020B G.O. Corporate Purpose Bonds	April 6, 2020	2.61 - 3.55%	1,230,000
Total General Obligation Notes and Bonds			
Revenue Notes:			
2002 Sewer Revenue Capital Loan	April 3, 2002	1.75%	2,261,000
2007 Sewer Revenue Capital Loan	April 5, 2007	1.75%	2,561,000
2010 Sewer Revenue Capital Loan	January 13, 2010	3.00%	548,000
Total Revenue Notes			

See accompanying independent auditor's report.

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
\$ 5,290,000	\$ --	\$ 845,000	\$ 4,445,000	\$ 99,620
1,715,000	--	655,000	1,060,000	41,375
1,540,000	--	155,000	1,385,000	31,753
3,430,000	--	540,000	2,890,000	85,925
3,510,000	--	430,000	3,080,000	80,087
1,382,000	--	48,000	1,334,000	42,842
1,615,000	--	29,000	1,586,000	33,915
2,253,000	--	141,000	2,112,000	77,053
1,928,000	--	1,928,000	--	34,088
337,000	113,000	20,526	429,474	4,969
4,310,000	--	100,000	4,210,000	167,217
3,095,000	--	--	3,095,000	114,860
--	1,995,000	65,000	1,930,000	27,576
--	2,340,000	--	2,340,000	--
--	1,230,000	--	1,230,000	--
<u>\$30,405,000</u>	<u>\$5,678,000</u>	<u>\$4,956,526</u>	<u>\$ 31,126,474</u>	<u>\$ 841,280</u>
\$ 565,000	\$ --	\$ 135,000	\$ 430,000	\$ 9,887
1,219,000	--	136,000	1,083,000	21,333
294,000	--	23,000	271,000	8,820
<u>\$ 2,078,000</u>	<u>\$ --</u>	<u>\$ 294,000</u>	<u>\$ 1,784,000</u>	<u>\$ 40,040</u>

CITY OF NEWTON, IOWA
BOND AND NOTE MATURITIES
June 30, 2020

Year ending June 30,	General Obligation Bonds and Notes			
	2012 Corporate Refunding Bonds		2014A Urban Renewal Bonds	
	Issued June 27, 2012		Issued June 18, 2014	
	Interest Rates	Amount	Interest Rates	Amount
2021	1.65%	\$ 860,000	2.45%	\$ 480,000
2022	1.80%	870,000	2.70%	480,000
2023	2.00%	885,000	2.90%	100,000
2024	2.00%	905,000		--
2025	2.25%	925,000		--
2026		--		--
2027		--		--
2028		--		--
		<u>\$4,445,000</u>		<u>\$1,060,000</u>

Year ending June 30,	General Obligation Bonds and Notes			
	2017B Urban Renewal Bonds		2017C Urban Renewal Bonds	
	Issued August 22, 2017		Issued December 6, 2017	
	Interest Rates	Amount	Interest Rates	Amount
2021	2.10%	\$ 105,000	3.42%	\$ 145,000
2022	2.10%	104,000	3.42%	150,000
2023	2.10%	153,000	3.42%	157,000
2024	2.10%	157,000	3.42%	161,000
2025	2.10%	162,000	3.42%	165,000
2026	2.10%	166,000	3.42%	172,000
2027	2.10%	397,000	3.42%	178,000
2028	2.10%	342,000	3.42%	184,000
2029		--	3.42%	190,000
2030		--	3.42%	196,000
2031		--	3.42%	204,000
2032		--	3.42%	210,000
2033		--		--
2034		--		--
2035		--		--
2036		--		--
2037		--		--
2038		--		--
2039		--		--
		<u>\$1,586,000</u>		<u>\$2,112,000</u>

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General Obligation Bonds and Notes

2014B Urban Renewal Bonds Issued June 18, 2014		2015A Urban Renewal Bonds Issued June 30, 2015		2015B Urban Renewal Bonds Issued June 30, 2015		2017A Urban Renewal Bonds Issued August 22, 2017	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2.00%	\$ 165,000	2.20%	\$ 550,000	2.00%	\$ 520,000	3.10%	\$ 79,000
2.00%	175,000	2.40%	565,000	3.00%	490,000	3.10%	109,000
2.00%	410,000	2.60%	575,000	2.00%	590,000	3.10%	118,000
2.15%	635,000	2.80%	590,000	2.25%	335,000	3.10%	123,000
--	--	2.95%	610,000	2.25%	630,000	3.10%	128,000
--	--	--	--	2.50%	515,000	3.10%	133,000
--	--	--	--	--	--	3.10%	351,000
--	--	--	--	--	--	3.10%	293,000
	<u>\$1,385,000</u>		<u>\$2,890,000</u>		<u>\$3,080,000</u>		<u>\$1,334,000</u>

General Obligation Bonds and Notes

2018 Housing Development Refunding Notes Issued May 24, 2018		2019A Urban Renewal Bonds Issued April 16, 2019		2019B Urban Renewal Bonds Issued April 16, 2019		2019C Refunding Bonds Issued November 7, 2019	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
1.00%	\$ 21,254	2.00%	\$ 170,000		\$ --	1.85%	\$ 60,000
1.00%	21,467	2.00%	170,000		--	1.85%	70,000
1.00%	21,683	2.00%	170,000		--	1.85%	120,000
1.00%	21,900	2.00%	195,000	2.85%	75,000	2.13%	125,000
1.00%	22,120	3.00%	215,000	2.85%	180,000	2.13%	125,000
1.00%	22,341	3.00%	200,000	3.00%	275,000	2.13%	130,000
1.00%	22,565	3.50%	210,000	3.05%	290,000	2.13%	135,000
1.00%	22,791	3.50%	215,000	3.15%	295,000	2.44%	135,000
1.00%	23,020	3.75%	225,000	3.25%	305,000	2.44%	135,000
1.00%	23,251	3.75%	230,000	3.35%	310,000	2.44%	140,000
1.00%	23,484	3.75%	245,000	3.45%	325,000	2.78%	145,000
1.00%	23,719	3.75%	255,000	3.50%	335,000	2.78%	150,000
1.00%	23,957	4.00%	255,000	3.55%	345,000	2.78%	150,000
1.00%	24,197	4.00%	270,000	3.60%	360,000	2.78%	60,000
1.00%	24,440	4.00%	280,000		--	3.13%	60,000
1.00%	24,685	4.00%	290,000		--	3.13%	60,000
1.00%	24,932	4.00%	305,000		--	3.13%	65,000
1.00%	25,182	4.00%	310,000		--	3.13%	65,000
1.00%	12,486	--	--		--		--
	<u>\$ 429,474</u>		<u>\$4,210,000</u>		<u>\$3,095,000</u>		<u>\$1,930,000</u>

CITY OF NEWTON, IOWA
BOND AND NOTE MATURITIES - Continued
June 30, 2020

Year ending June 30,	General Obligation Bonds and Notes				
	2020A Corporate Purpose Bonds		2020B Corporate Purpose Bonds		Total
	Issued		Issued		
	April 6, 2020		April 6, 2020		
	Interest Rates	Amount	Interest Rates	Amount	
2021		\$ --		\$ --	\$ 3,155,254
2022		--		--	3,204,467
2023		--		--	3,299,683
2024		--		--	3,322,900
2025	3.00%	125,000	2.61%	65,000	3,352,120
2026	3.00%	135,000	2.61%	70,000	1,818,341
2027	3.00%	135,000	2.61%	70,000	1,788,565
2028	3.00%	140,000	2.61%	70,000	1,696,791
2029	3.00%	140,000	2.61%	75,000	1,093,020
2030	3.00%	150,000	2.61%	75,000	1,124,251
2031	3.00%	150,000	3.55%	80,000	1,172,484
2032	3.00%	155,000	3.55%	80,000	1,208,719
2033	3.00%	160,000	3.55%	85,000	1,018,957
2034	3.00%	165,000	3.55%	85,000	964,197
2035	3.00%	170,000	3.55%	90,000	624,440
2036	3.00%	170,000	3.55%	90,000	634,685
2037	3.00%	180,000	3.55%	95,000	669,932
2038	3.00%	185,000	3.55%	100,000	685,182
2039	3.00%	180,000	3.55%	100,000	292,486
		<u>\$2,340,000</u>		<u>\$1,230,000</u>	<u>\$ 31,126,474</u>

(continued next page)

CITY OF NEWTON, IOWA
BOND AND NOTE MATURITIES - Continued
June 30, 2020

Year ending, June 30,	Revenue Notes			
	2002 Sewer Revenue Capital Loan Note		2007 Sewer Revenue Capital Loan Note	
	Issued April 3, 2002		Issued April 5, 2007	
	Interest Rates	Amount	Interest Rates	Amount
2021	1.75%	\$ 139,000	1.75%	\$ 140,000
2022	1.75%	143,000	1.75%	145,000
2023	1.75%	148,000	1.75%	150,000
2024		--	1.75%	154,000
2025		--	1.75%	159,000
2026		--	1.75%	165,000
2027		--	1.75%	170,000
2028		--		--
2029		--		--
2030		--		--
		<u>\$ 430,000</u>		<u>\$1,083,000</u>

See accompanying independent auditor's report.

<u>Revenue Notes</u>		
<u>2010 Sewer Revenue</u>		
<u>Capital Loan Note</u>		
<u>Issued</u>		
<u>January 13, 2010</u>		
<u>Interest</u>		
<u>Rates</u>	<u>Amount</u>	<u>Total</u>
3.00%	\$ 23,000	\$ 302,000
3.00%	24,000	312,000
3.00%	25,000	323,000
3.00%	26,000	180,000
3.00%	27,000	186,000
3.00%	28,000	193,000
3.00%	28,000	198,000
3.00%	29,000	29,000
3.00%	30,000	30,000
3.00%	<u>31,000</u>	<u>31,000</u>
	<u>\$ 271,000</u>	<u>\$ 1,784,000</u>

CITY OF NEWTON, IOWA
SCHEDULE OF RECEIPTS BY SOURCE AND
DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS
For the Last Ten Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Receipts:				
Property tax	\$ 7,416,512	\$ 7,305,140	\$ 7,549,456	\$ 7,370,516
Tax increment financing	2,027,592	2,020,002	1,881,301	2,032,186
Other city tax	2,030,278	1,975,191	1,875,554	2,142,449
Licenses and permits	247,113	330,087	315,814	388,274
Use of money and property	212,974	215,295	180,398	131,458
Intergovernmental	3,347,441	3,955,163	2,947,723	4,208,532
Charges for service	2,268,378	2,000,045	2,049,922	1,923,732
Special assessments	13,093	13,323	15,105	39,173
Miscellaneous	<u>1,305,843</u>	<u>1,251,310</u>	<u>1,068,985</u>	<u>1,336,748</u>
Total	<u>\$ 18,869,224</u>	<u>\$ 19,065,556</u>	<u>\$ 17,884,258</u>	<u>\$ 19,573,068</u>
Disbursements:				
Operating:				
Public safety	\$ 7,080,878	\$ 6,968,458	\$ 6,960,609	\$ 6,755,455
Public works	3,592,615	3,133,770	3,075,700	3,304,874
Health and social services	--	--	--	--
Culture and recreation	2,398,550	2,476,301	2,120,351	2,063,856
Community and economic development	957,173	1,248,855	2,304,185	1,732,006
General government	1,207,102	1,308,975	1,217,936	1,252,386
Debt service	3,943,699	3,684,522	3,522,476	3,286,679
Capital projects	<u>6,634,097</u>	<u>5,815,461</u>	<u>4,995,679</u>	<u>5,241,281</u>
Total	<u>\$ 25,814,114</u>	<u>\$ 24,636,342</u>	<u>\$ 24,196,936</u>	<u>\$ 23,636,537</u>

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 7,025,573	\$ 6,917,971	\$ 6,793,884	\$ 6,646,452	\$ 6,495,477	\$ 6,293,597
2,508,520	2,444,811	2,717,402	2,560,585	2,909,173	1,347,281
1,845,968	341,759	1,746,337	1,604,454	1,707,571	1,703,058
341,597	323,716	299,981	307,552	275,515	155,019
133,030	123,333	113,561	116,361	93,264	109,517
3,630,008	3,686,731	2,441,344	2,440,079	2,367,894	4,103,067
1,817,922	1,730,308	1,828,431	1,845,139	1,797,054	2,112,552
25,461	18,911	22,316	22,014	18,308	23,864
<u>883,883</u>	<u>873,919</u>	<u>727,280</u>	<u>594,484</u>	<u>596,567</u>	<u>1,177,272</u>
<u>\$ 18,211,962</u>	<u>\$ 16,461,459</u>	<u>\$ 16,690,536</u>	<u>\$ 16,137,120</u>	<u>\$ 16,260,823</u>	<u>\$ 17,025,227</u>
\$ 6,573,415	\$ 6,618,231	\$ 6,429,196	\$ 6,353,118	\$ 5,717,661	\$ 5,410,336
3,331,047	3,063,416	2,728,791	2,707,209	2,558,601	2,409,348
--	--	--	--	153,374	12,083
2,103,157	1,975,189	1,994,009	1,875,748	1,917,021	1,960,709
1,974,731	2,604,430	1,417,245	2,421,712	2,405,218	737,015
1,214,456	1,279,714	1,203,719	1,112,059	1,102,944	1,553,181
3,033,811	2,729,522	4,006,361	2,137,456	2,357,739	5,914,670
<u>4,681,791</u>	<u>1,564,457</u>	<u>520,188</u>	<u>297,887</u>	<u>810,310</u>	<u>3,620,110</u>
<u>\$ 22,912,408</u>	<u>\$ 19,834,959</u>	<u>\$ 18,299,509</u>	<u>\$ 16,905,189</u>	<u>\$ 17,022,868</u>	<u>\$ 21,617,452</u>

COMPLIANCE SECTION

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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DAVID A. GINTHER

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

To the Honorable Mayor and
Members of the City Council

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Newton, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 8, 2021. Our report expressed adverse and unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Newton's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Newton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Newton's internal control.

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

To the Honorable Mayor and
Members of the City Council

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies: 20-I-A.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Newton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters which are required to be reported under Government Auditing Standards. However, we noted a certain immaterial instance of non-compliance or other matters which is described in Part II of the accompanying Schedule of Findings and Responses.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 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.

Responses to Findings

The City of Newton's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Newton's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

James W. Bell, Jr., CPA

Atlantic, Iowa
January 8, 2021

CITY OF NEWTON, IOWA
Schedule of Findings and Responses
Year ended June 30, 2020

PART I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

20-I-A Segregation of Duties:

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

Condition: A limited number of people have the primary responsibility for most of the accounting and financial reporting duties.

Cause: The City has a limited number of employees which does not allow procedures to be established to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

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

Recommendation: The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response: The City Council and Mayor are aware of this lack of segregation of duties, but it is not economically feasible for the City to employ additional personnel for this reason. The City Council and Mayor will continue to act as an oversight group.

Conclusion: Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

CITY OF NEWTON, IOWA
Schedule of Findings and Responses
Year ended June 30, 2020

PART II: Other Findings Related to Required Statutory Reporting

20-II-A Certified Budget: Disbursements during the year ended June 30, 2020 did not exceed the amounts budgeted.

20-II-B Questionable Disbursements: During the audit, we did not note any disbursements that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

20-II-C Travel Expense: No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

20-II-D Business Transactions: In accordance with Chapter 362.5 of the Code of Iowa, no transactions between the City and the City officials and City employees were noted that represented conflicts of interest.

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

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

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

20-II-H Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

20-II-I Revenue Notes: No instances of non-compliance with the revenue note resolutions were noted.

20-II-J Urban Renewal Annual Report: The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

20-II-K Solid Waste Fees Retainage: No instances of non-compliance with the solid waste fees used in accordance with the provisions of Chapter 455B.310 of the Code of Iowa were noted.

20-II-L Financial Assurance: The City has met the closure and postclosure care financial assurance requirements issued by the Iowa Department of Natural Resources by complying with the local government financial test as specified in Iowa Administrative Code Chapter 567-113.14(6)(f).

CITY OF NEWTON, IOWA
Schedule of Findings and Responses
Year ended June 30, 2020

PART II: Other Findings Related to Required Statutory Reporting - Continued

20-II-M Financial Condition: The City had deficit balances in the following funds at June 30, 2020:

Special Revenue:		
Speedway/Prairie Fire Tax Increment Financing	\$	400,643
Enterprise:		
Golf		344,402

Recommendation: The City should investigate alternatives to eliminate these deficits to return these funds to a sound financial position.

Response: The City will continue to monitor funds with a deficit balance and develop strategies to return these funds to a sound financial position.

Conclusion: Response accepted.

20-II-N Tax Increment Financing (TIF): Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid. No exceptions were noted.

20-II-O Economic Development: During the year ended June 30, 2020, the City paid \$47,600 to Newton Housing Development Corporation and \$100,000 to Newton Development Corporation. The City Council has documented the public benefits received from this expenditure, however, it is disclosed here for public information.

According to Chapter 15A of the Code of Iowa and an Attorney General's opinion dated August 28, 1986, government financing of economic development may, in appropriate circumstances, serve a public purpose. The opinion advises the governing body to evaluate the public benefits to be obtained and discusses the specific criteria to be considered in documenting public purpose.

Recommendation: The Council should continue to evaluate and document the public purpose served by these expenditures before authorizing further payments.

Response: We will continue to evaluate and document the public purpose in the future.

Conclusion: Response accepted.

* * *

STATISTICAL SECTION

Table 1

CITY OF NEWTON
TAX INCREMENT FINANCING FUND - SCHEDULE OF CASH RECEIPTS
DISBURSEMENTS AND CASH BALANCE
INCEPTION TO JUNE 30, 2020

Operating Receipts

Bond Proceeds	31,724,268
Interest on Investments	218,621
Sale of Property	1,795,119
Property Taxes	41,740,931
Intergovernmental	11,173,028
Miscellaneous	3,407,425
	<u>90,059,392</u>

Operating Disbursements

Property acquisition and improvement	9,694,844
Property demolition	966,390
Economic Development grants	20,403,048
Legal and administrative	1,474,644
Property Taxes	97,338
Relocation	47,050
Contractual Services	5,000
Operating Supplies	15,139
Structures	62,756
Refunds and Property Tax Rebates	4,930,013
Revenue bond principal	5,074,852
Revenue Bond interest	896,194
Street Improvements	1,242,670
City Hall site improvements	550,127
Private Development improvements	462,406
Skiff Medical Center	280,000
Manufactured Gas Plant	3,253
Lighting and landscaping	431,730
Storage yard	578,063
Payment to other agencies	610,369
	<u>47,825,886</u>
Operating receipts over operating disbursements	<u>42,233,506</u>

Other transactions:

Transfer to Debt Service Fund - bond interest	(37,104,434)
Transfer to General Fund - economic development	(5,315,351)
Transfer to Central Business District	(2,500)
Transfer to Employee Benefits Fund	(272,975)
Transfer to Capital Projects Fund	(910,709)
Transfer to Sewer Fund	(547,555)
Transfer to Hotel/Motel Tax Fund	(131,390)
Interfund Loan	1,876,639
Cash and investment balance at June 30, 2020	<u>(174,769)</u>

Note: During the fiscal year 1988, the City established a tax increment financing district to generate revenues to assist the City in funding responsibility for an urban renewal plan. Under the urban renewal plan, the City purchases properties located within the district to be demolished for development. The City issued bonds to initially fund this plan, which will be retired from fund revenues through transfers to the Debt Service Fund.

Table 2

CITY OF NEWTON
COMPARISON OF ENTERPRISE FUNDS CHARGES FOR
SERVICES RECEIPTS

Year Ended June 30	Sewer	Landfill	Golf
2011	1,777,277	1,333,719	407,474
2012	2,074,418	1,314,130	353,937
2013	2,546,212	1,516,748	305,269
2014	2,556,779	1,465,029	359,853
2015	2,648,707	1,596,609	324,160
2016	2,581,415	1,686,673	343,840
2017	2,552,667	1,781,784	301,814
2018	2,744,092	1,802,836	301,979
2019	2,764,210	2,229,567	261,236
2020	2,976,127	2,002,724	280,463

CITY OF NEWTON
COMPARATIVE TOTAL AND PER CAPITA FUNCTION DISBURSEMENTS

Year Ended	Population	Public Safety Disbursements		Public Works Disbursements		Health and Social Services Disbursements		Culture & Recreation Disbursements		Community and Economic Development Disbursements	
		Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
<u>June 30</u>	<u>Per Census</u>										
2011	15,254**	\$ 5,414,879	\$ 354.98	\$ 2,410,052	\$ 157.99	\$ 12,083	\$ 0.79	\$ 1,961,802	\$ 128.61	\$ 737,224	\$ 48.33
2012	15,254**	\$ 5,717,661	\$ 374.83	\$ 2,558,601	\$ 167.73	\$ 153,374	\$ 10.05	\$ 1,917,021	\$ 125.67	\$ 2,405,218	\$ 157.68
2013	15,254**	\$ 6,353,118	\$ 416.49	\$ 2,707,209	\$ 177.48	\$ -	\$ -	\$ 1,875,748	\$ 122.97	\$ 2,421,712	\$ 158.76
2014	15,254**	\$ 6,429,196	\$ 421.48	\$ 2,728,791	\$ 178.89	\$ -	\$ -	\$ 1,994,009	\$ 130.72	\$ 1,417,245	\$ 92.91
2015	15,254**	\$ 6,618,231	\$ 433.87	\$ 3,063,416	\$ 200.83	\$ -	\$ -	\$ 1,975,189	\$ 129.49	\$ 2,604,430	\$ 170.74
2016	15,254**	\$ 6,573,415	\$ 430.93	\$ 3,331,047	\$ 218.37	\$ -	\$ -	\$ 2,103,157	\$ 137.88	\$ 1,974,731	\$ 129.46
2017	15,254**	\$ 6,755,455	\$ 442.86	\$ 3,304,874	\$ 216.66	\$ -	\$ -	\$ 2,063,856	\$ 135.30	\$ 1,732,006	\$ 113.54
2018	15,254**	\$ 6,960,609	\$ 456.31	\$ 3,075,700	\$ 201.63	\$ -	\$ -	\$ 2,120,351	\$ 139.00	\$ 2,304,185	\$ 151.05
2019	15,254**	\$ 6,968,458	\$ 456.83	\$ 3,133,770	\$ 205.44	\$ -	\$ -	\$ 2,476,301	\$ 162.34	\$ 1,248,855	\$ 81.87
2020	15,254**	\$ 7,080,878	\$ 464.20	\$ 3,592,615	\$ 235.52	\$ -	\$ -	\$ 2,398,550	\$ 157.24	\$ 957,173	\$ 62.75

**2010 census figures

Note: Beginning in 2011 fiscal year the City began reporting the Skiff
Medical Center as an Enterprise Fund.

Table 3

General Government Disbursements		Debt Service Disbursements		Capital Projects Disbursements		Business Type Activities Disbursements		Total Disbursements	
<u>Total</u>	<u>Per Capita</u>	<u>Total</u>	<u>Per Capita</u>	<u>Total</u>	<u>Per Capita</u>	<u>Total</u>	<u>Per Capita</u>	<u>Total</u>	<u>Per Capita</u>
\$ 1,555,017	\$ 101.94	\$ 5,914,670	\$ 387.75	\$ 3,620,110	\$ 237.32	\$ 39,733,332	\$ 2,604.78	\$ 61,359,169	\$ 4,022.50
\$ 1,102,944	\$ 72.31	\$ 2,357,739	\$ 154.57	\$ 810,310	\$ 53.12	\$ 39,634,526	\$ 2,598.30	\$ 56,657,394	\$ 3,714.26
\$ 1,112,059	\$ 72.90	\$ 2,137,456	\$ 140.12	\$ 297,887	\$ 19.53	\$ 3,760,471	\$ 246.52	\$ 20,665,660	\$ 1,354.77
\$ 1,203,719	\$ 78.91	\$ 4,006,361	\$ 262.64	\$ 520,188	\$ 34.10	\$ 5,419,379	\$ 355.28	\$ 23,718,888	\$ 1,554.93
\$ 1,279,714	\$ 83.89	\$ 2,729,522	\$ 178.94	\$ 1,564,457	\$ 102.56	\$ 3,063,934	\$ 200.86	\$ 22,898,893	\$ 1,501.17
\$ 1,214,456	\$ 79.62	\$ 3,033,811	\$ 198.89	\$ 4,681,791	\$ 306.92	\$ 4,355,308	\$ 285.52	\$ 27,267,716	\$ 1,787.58
\$ 1,252,386	\$ 82.10	\$ 3,286,679	\$ 215.46	\$ 5,241,281	\$ 343.60	\$ 4,352,732	\$ 285.35	\$ 27,989,269	\$ 1,834.88
\$ 1,217,936	\$ 79.84	\$ 3,522,476	\$ 230.92	\$ 4,995,679	\$ 327.50	\$ 4,008,685	\$ 262.80	\$ 28,205,621	\$ 1,849.06
\$ 1,308,975	\$ 85.81	\$ 3,684,522	\$ 241.54	\$ 5,815,461	\$ 381.24	\$ 4,173,108	\$ 273.57	\$ 28,809,450	\$ 1,888.65
\$ 1,207,102	\$ 79.13	\$ 3,943,699	\$ 258.54	\$ 6,634,097	\$ 434.91	\$ 3,887,177	\$ 254.83	\$ 29,701,291	\$ 1,947.11

Table 4

CITY OF NEWTON
COMPARATIVE PROPERTY TAX RECEIPTS BY FUND

<u>Year Ended June 30</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>
2011 *	4,915,611	2,189,531	915,377
2012	3,669,772	2,037,155	788,550
2013	3,845,539	2,228,337	572,577
2014	3,850,520	2,383,477	555,274
2015	3,749,275	2,461,295	695,592
2016	3,732,902	2,535,755	756,916
2017	3,696,606	2,556,746	1,117,164
2018	3,808,571	2,600,795	1,140,090
2019	3,655,380	2,509,325	1,140,435
2020	3,723,880	2,586,431	1,106,201

*For fiscal year 2011, amounts include special assessments local option sales tax, hotel/motel tax receipts and utility excise replacement tax in addition to property tax

CITY OF NEWTON
COMPARATIVE PROPERTY TAX LEVIES AND COLLECTIONS

<u>Year Ended June 30</u>	<u>Collection Year Ended June 30</u>	<u>Total Property Tax Levy</u>	<u>Current Property Tax Collections</u>
2010	2011	6,434,266	6,293,014
2011	2012	6,536,879	6,493,334
2012	2013	6,832,774	6,645,488
2013	2014	6,942,281	6,789,263
2014	2015	7,108,466	7,117,076
2015	2016	7,242,751	7,230,604
2016	2017	7,555,603	7,551,009
2017	2018	7,699,692	7,724,200
2018	2019	7,512,096	7,476,652
2019	2020	7,682,105	7,596,402

Table 5

<u>Percent Of Property Tax Levy Collected</u>	<u>Delinquent Property Tax Collections</u>	<u>TIF Property Tax Collections</u>	<u>Total Property Tax Collections</u>
97.80%	583	1,347,281	7,640,878
99.33%	2,143	2,909,173	9,404,650
97.26%	965	2,560,584	9,207,037
97.80%	8	2,717,401	9,506,672
100.12%	2,048	2,444,811	9,563,935
99.83%	-9,321	2,508,520	9,729,803
99.94%	352	2,032,186	9,583,547
100.32%	-577	1,881,301	9,604,924
99.53%	174	2,020,002	9,496,828
98.88%	2,518	2,027,592	9,626,512

CITY OF NEWTON
COMPARATIVE PROPERTY TAX RATES PER \$1,000 OF
ASSESSED VALUATION

Levy Year	Collection Year Ended June 30	Levy for			
		Newton School District	City of Newton	Jasper County	Area Schools
2010	2011	16.72645	15.34596	8.38776	0.56008
2011	2012	16.23768	15.30305	8.62582	0.59018
2012	2013	15.96319	14.99630	7.66830	0.58466
2013	2014	15.15308	14.66304	7.23964	0.68147
2014	2015	14.71796	15.80911	7.63891	0.65599
2015	2016	15.57662	16.19936	7.84733	0.67565
2016	2017	15.81157	17.14677	8.25538	0.72504
2017	2018	15.80758	17.14000	8.25967	0.67452
2018	2019	15.77415	17.14000	8.25967	0.69468
2019	2020	15.79274	17.14000	8.25697	0.65249

Table 6

Extension Council	County Assessor	Tuberculosis Eradication	Total	Percent of City of Newton Levy to Total Levy
0.17318	0.42448	0.00340	41.62131	36.87%
0.16758	0.41948	0.00320	41.34699	37.01%
0.16027	0.39701	0.00330	39.77303	37.70%
0.15695	0.39051	0.00000	38.28469	38.30%
0.18436	0.27962	0.00330	39.28925	40.24%
0.17502	0.22386	0.00407	40.70191	39.80%
0.17384	0.28408	0.00424	42.40092	40.44%
0.16992	0.39658	0.00421	42.45248	40.37%
0.18527	0.36790	0.00035	42.42202	40.40%
0.17922	0.40028	0.00032	42.42202	40.40%

Table 7

CITY OF NEWTON
COMPARATIVE RATIO OF GENERAL OBLIGATIONS BONDED DEBT TO TAXABLE VALUE
AND GENERAL OBLIGATION BONDED DEBT PER CAPITA

Date	Population Per Census	Taxable Value (Agriculture Land Included)	General Obligation Bonded Debt	Ratio of General Obligation Bonded Debt to Taxable Value	General Obligation Bonded Debt Per Capita
6/30/2011	15,254**	454,143,296	24,303,000 (1)	0.053514	1,593.22
6/30/2012	15,254**	510,841,569	28,090,000 (2)	0.054988	1,841.48
6/30/2013	15,254**	536,167,609	26,860,000 (2)	0.050096	1,760.85
6/30/2014	15,254**	544,823,839	21,525,000	0.039508	1,411.11
6/30/2015	15,254**	524,874,705	26,190,000	0.049898	1,716.93
6/30/2016	15,254**	519,091,987	23,750,000	0.045753	1,556.97
6/30/2017	15,254**	497,553,581	21,025,000	0.042257	1,378.33
6/30/2018	15,254**	507,342,971	25,601,000	0.050461	1,678.31
6/30/2019	15,254**	510,307,661	30,405,000	0.059582	1,993.25
6/30/2020	15,254**	547,571,015	31,126,474	0.056845	2,040.55

** 2010 census figures

(1) Includes capital loan notes and bonds payable.

(2) Includes capital loan notes of \$9,065,000 for which
the cross-over refunding call date is June 1, 2014

Table 8

CITY OF NEWTON, IOWA
SEWER FUND DATA
JUNE 30, 2020

Sewer customers served at June 30, 2020 6,290

Sewer rates in effect at June 30, 2020

Minimum charge of \$12.52 per month plus \$4.01/100 cubic feet over the first 200 cubic feet used.

A surcharge factor is levied for the following customers whose waste waters exceed normal domestic waste water:

<u>Customer Type</u>	<u>Surcharge Factor</u>
Laundry, including industrial laundries, commercial laundries, and laundromatic	1.2
Car washes	1.3
Restaurants - including quick service and sit-down types	1.6
Bakeries	1.4
Nursing homes	1.6
Correctional Facilities	1.4

CITY OF NEWTON, IOWA
 MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
 JUNE 30, 2020

Ten Largest Employers in Jasper County

Name (1)	Business Activity
TPI Composites Inc	Wind turbine blades
Newton Community School District	Education
Hy-Vee Corporation	Food Retailer
Wal-Mart, Inc.	Retail
Arcosa Wind Towers	Industrial/Warehouse
Rock Communications	Commercial Printing
MercyOne Newton Medical Center	Hospital
The Vernon Company	Specialty Advertising
Progress Industries	Service Industry
VanMaanen Electric	Electric Company

Ten Largest Taxpayer by Assessed Valuation (does not include Utilities)

Name (2)	Business Activity
Iowa Speedway LLC	Iowa Speedway
TPI Iowa LLC	TPI Wind Blades
Phoenix Newton Industrial Investors	Trinity Towers Manufacturing Plant/Industrial/Warehouse
Wesley Retirement Services	Retirement Residences
Wal-Mart, Inc.	Retail
Hy-Vee Corporation	Food Retailer
Newton Village, Inc	Retirement Residences
GPI WG Acquisition Sub LLC	Carton Manufacturing
Love's Travel Stop & Country	Retail
Newton Lodge & Suites, LLC	Hotel

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APPENDIX E

BOOK-ENTRY SYSTEM

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

Book-Entry System

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Direct Participant 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).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Trustee, on any payment 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 Bonds 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, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

City of Newton Council Report



Item: Resolution Accepting Agreement with Metlife Insurance for Dental and Vision Coverage

Summary:

Council would voluntarily extend the Emergency Paid Sick Leave Policy as previously established between January 1, 2021 and March 31, 2021.

Financial Impact:

5% reduction in FY22 for dental premiums

Report Number: 21-077

Date: March 15, 2021

Lead Department:
Administration

Recommendation:
Approve

Background: Each year staff and our insurance broker, Holmes Murphy review renewal rates and information from our benefit providers as well as get bids from other providers as a comparison.

The current dental provider presented a quote continuing the current rates through FY22. The current voluntary vision provider presented a 5% increase in premiums which are paid at 100% by employees.

MetLife has provided quotes for dental with a 5% reduction from our current premiums and for vision rates which would maintain the current rates employees are now paying. The coverage would be exactly the same as the current coverage with additional network providers.

Recommendation: It is recommended to change to MetLife effective July 1, 2021, for dental and vision which is offering an identical benefit plan with a 5% reduction in cost for the City.

Rob Burdess,
Acting City Administrator

RESOLUTION NO. 2021-_____

**RESOLUTION ACCEPTING AGREEMENT WITH METLIFE INSURANCE
FOR DENTAL AND VISION COVERAGE**

WHEREAS, each year staff and our insurance broker, Holmes Murphy review renewal rates and information from our benefit providers as well as get bids from other providers as a comparison; and

WHEREAS, MetLife has provided quotes for dental and vision coverage; and

WHEREAS, by moving to MetLife the City will save 5% on dental insurance premiums and employees would not incur a 5% increase on their volunteer vision coverage for FY22; and

WHEREAS, the coverage would be exactly the same as the current coverage with additional network providers.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Newton, Iowa, that it is hereby adopted and approved to:

Change to MetLife effective July 1, 2021, for dental and vision which is offering an identical benefit plan. Staff and the Mayor are directed to execute said contracts and take other such necessary steps to effectuate this change.

PASSED this _____ day of March, 2021.

APPROVED this _____ day of March, 2021.

Michael L. Hansen, Mayor

(SEAL)

ATTEST:

Katrina Davis, City Clerk