

Agenda: Newton City Council

City Council Meeting

Council Chambers, 101 W 4th St S. or via Zoom
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April 05, 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
Proclamation	2. National Library Week, April 4 th -10 th
	3. Fair Housing Month – April 2021
Presentation	4. National Alliance on Mental Illness of Central Iowa, NAMI - Angela Tharp, Executive Director
Citizen Participation	5. 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 policies 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	6. March 01, 2021 Regular City Council Meeting Minutes
	7. Resolution voluntarily amending and extending Emergency Paid Sick Leave for city employees in conjunction with federal coronavirus related legislation-Families First Coronavirus Response Act. (Council Report 21-078)
	8. Resolution accepting completion of the 2020 Tree Removal Project No. 4 - Westwood Golf Course. (Council Report 21-079)
	9. Resolution awarding contract for the Agnes-Patterson Park Trail Repairs and ADA Parking Improvements Project. (Council Report 21-080)

10. Resolution authorizing the purchase of a Front-End Loader for the Public Works Department. (Council Report 21-081)
11. Resolution authorizing the purchase of a grapple bucket for the Public Works Department. (Council Report 21-082)
12. Resolution approving the purchase of a tractor and mower for Streets, Landfill and WPC. (Council Report 21-083)
13. Resolution authorizing purchase of a dozer at the Newton Sanitary Landfill. (Council Report 21-084)
14. Resolution Approving a Property Tax Rebate for the Newton Senior Residence, LLC Property Located Within the North Central Urban Renewal Area. (Council Report 21-085)
15. Resolution Approving Payment to S&P Global Ratings for Services Related to the 2021 Bonding. (Council Report 21-086)
16. Resolution setting a public hearing and inviting proposals for the sale of property at 520 North 3rd Avenue East, 920 East 9th Street North, and 922 East 9th Street North in Newton. (Council Report 21-087)
17. Resolution approving the hiring of Randy's Lawn Care and Snow Removal for watering of plantings and district wide clean-up for the Newton Downtown SSMID. (Council Report 21-088)
18. Approve Bills

Public Hearing

19. Public Hearing on a Resolution adopting the FY22 through FY26 Capital Improvement Plan (CIP). (Council Report 21-089)
 - 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.
 - Each individual purchase within the CIP will require additional Council approval.
20. Resolution adopting the FY22 through FY26 Capital Improvement Plan (CIP). (Council Report 21-089)
21. Public Hearing on an Ordinance amending and updating The Code of Ordinances, City of Newton, Iowa, Title XV: Land Usage, Chapter 158: Zoning, I-L: Light Industrial. (Council Report 21-090)
 - Under the current zoning ordinance, retail sales are only allowed within the I-L zone as a secondary use (no more than 50% of the facility's business). A citizen submitted a request to consider amending the ordinance to allow retail sales as a primary use (up to 100% of the facility's business) on a property in this zoning district.

- The Planning and Zoning Commission reviewed and recommended approval of making general retail sales an allowed conditional permit use within the I-L: Light Industrial Zoning District with no limitations on the percentage of the facility's business coming from retail.

22. First Consideration of an Ordinance amending and updating The Code of Ordinances, City of Newton, Iowa, Title XV: Land Usage, Chapter 158: Zoning, I-L: Light Industrial. (Council Report 21-090)

23. Public Hearing on an ordinance vacating and disposing of a portion of north-south alley right-of-way located in the 200 block of South 5th Avenue East between East 2nd Street South and East 3rd Street South, located in the City of Newton, Jasper County, Iowa (Council Report 21-091)

- The proposal is to vacate a northern portion of the North-South alley in the 200 block of South 5th Avenue East.
- The Planning and Zoning Commission found that the portion of alley does not serve a public purpose and recommended approval of the alley vacation.

24. First Consideration of an Ordinance vacating and disposing of a portion of north-south alley right-of-way located in the 200 block of South 5th Avenue East between East 2nd Street South and East 3rd Street South, located in the City of Newton, Jasper County, Iowa. (Council Report 21-091)

Ordinance

25. Third 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

26. Resolution approving an agreement with United Public Safety for parking enforcement software and services. (Council Report 21-092)

- The Police Department's current parking enforcement software is outdated and does not meet their needs for efficient operations.
- United Public Safety of Fort Washington, PA proposed a 3 year agreement consisting of parking enforcement software and hardware for \$5739 in FY21 and \$3828 starting in FY22 and annually thereafter. Implementing the proposed software system would save over 300 hours of staff time annually.

27. Resolution approving the granting of Downtown Improvement Grant Funds for 112 First Avenue East. (Council Report 21-093)
 - Dr. Gregory Bruns has submitted a grant request to assist with the replacement of windows in the second story of his historic building at 112 1st Avenue East.
 - The Downtown Grant Review Board met on March 24, 2021 and unanimously recommended approval of a grant in an amount up to \$2,800, provided the 1:1 match is met.
28. Resolution approving the granting of Downtown Improvement Grant Funds for 117 1st Avenue West. (Council Report 21-094)
 - CRH Properties is planning a multi-faceted improvement project to their new location including signage, awning removal and painting.
 - At their meeting on March 24, 2021, the Downtown Grant Review Board unanimously recommended the approval of the project providing for a total grant not exceeding \$1,510 provided the 1:1 match is met for each program area.
29. Resolution approving the granting of Downtown Improvement Grant Funds for 115-117 West 2nd Street North. (Council Report 21-095)
 - The owner plans a significant historic rehabilitation of 115-117 West 2nd Street North and has requested grant funds for the non-historic façade removal, historic façade renovation, signage, awnings, and assistance with architectural fees. The total project costs are estimated at \$40,709.24. The project is eligible for a total grant of \$15,630.
 - At their meeting on March 24, 2021, the Downtown Grant Review Board unanimously recommended approval of the grant.
30. Resolution approving the granting of D&D 2.0 Grant Funds for the rehabilitation of a non-historic home at 602 East 13th Street North. (Council Report 21-096)
 - Curt and Marie Henderson purchased 602 East 13th Street North. They plan to rehabilitate the property and provide a high-quality, affordable home for a new buyer.
 - At their meeting on March 24, 2021, the Newton Building Trades Board recommended approval of a grant not to exceed \$46,150, provided the 1:1 match requirement for each program area is met.
31. Resolution authorizing the filing of a 657A.10A petition for ownership of abandoned property at 1024 North 11th Avenue East, Newton. (Council Report 21-097)
 - The subject property at 1024 North 11th Avenue East appears to have been abandoned by its property owner. The State Code 657A.10A process allows cities to petition the court for ownership of abandoned buildings. This resolution authorizes staff to begin the petition process for the subject property.

32. Resolution providing for the issuance of \$2,740,000 General Obligation Corporate Purpose Bonds, Series 2021A and providing for the levy of taxes to pay the same. (Council Report 21-098)
- The City Council Held a public hearing on March 1, 2021 in regards to the issuance of the 2021A General Obligation Bonds. The final step in the bonding process is to authorize the issuance of the bonds.
 - The 2021A Bond issuance includes the projects and equipment that are consistent with the proposed CIP and FY22 adopted budget.
33. Resolution providing for the issuance of \$430,000 Taxable General Obligation Corporate Purpose Bonds, Series 2021B and providing for the levy of taxes to pay the same. (Council Report 21-099)
- The City Council held a public hearing on March 1, 2021 in regards to the issuing of the 2021B Taxable General Obligation Bonds. The final step in the bonding process is to authorize the issuance of the bonds.
 - The 2021B Bond includes \$400,000 to continue the D&D Program.
34. Resolution providing for the issuance of \$4,840,000 Sewer Revenue Bonds, Series 2021C. (Council Report 21-100)
- The City Council held a public hearing on March 1, 2021 in regards to the issuing of the 2021C Sewer Revenue Bonds. The issuance of the bonds is the final step in the bonding process.
 - The proposed 2021C Sewer Revenue Bonds include the following projects: Jet/Vac Truck Replacement, WPC Plant Improvements, and WPC South West Sewage Pump Station Pumps.
35. Resolution providing for the issuance of \$1,990,000 Road Use Tax Revenue Bonds, Series 2021D. (Council Report 21-101)
- The City Council held a public hearing on March 1, 2021 in regards to the issuing of the 2021D Road Use Tax Revenue Bonds. The issuance of the bonds is the final 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.
36. Resolution Approving Amended Development Agreement with Lion Development Group, LLC. (Council Report 21-102)
- The Developer of the Lions Gate Apartments located within the North Central Urban Renewal Area has requested lowering the minimum assessment of the property in order to refinance and remain competitive in the market. The proposed amendment would lower the assessment from 4.5 million to 3.2 million dollars beginning on January 1, 2022.

Staff Report	37. Community Development Residential Rental Inspection Program Report - Brian Dunkelberger, City Planner
Discussion	38. Covid-19 – Task Force Discussion
	39. East 12 th St S & First Avenue No Right on Red Ordinance
Mayor/Council Comments	40.
Closed Session	41. 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.
Return to Open Session	42.
Closed Session	43. To Evaluate The Professional Competency Of Individuals Whose Appointment, Hiring, Performance Or Discharge Is Being Considered When Necessary To Prevent Needless And Irreparable Injury To That Individual's Reputation And That Individual Request A Closed Session. Pursuant To The Provisions Of Section 21.5(1)(i), Code of Iowa 2021.
Return to Open Session	44.
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.



Newton

PROCLAMATION

National Library Week

WHEREAS, libraries level the playing field for all who seek information and access to technologies; and

WHEREAS, libraries continuously grow and evolve in how they provide for the needs of their communities including making digital technology, the Internet, and information equally accessible to all; and

WHEREAS, libraries play a vital role in supporting the quality of life in our communities; and

WHEREAS, libraries and librarians open up a world of possibilities through innovative programming, job-seeking resources, and the power of reading; and

WHEREAS, libraries are to be celebrated for the values of learning and discovery they help build among children, youth, and adults; and

WHEREAS, a library card is free to all Iowans and is the smartest card providing access to books, downloadable resources, computers, STEAM kits, Hotspots, movies, and more; and

WHEREAS, libraries, librarians, library workers and supporters across America are celebrating National Library Week,

THEREFORE, BE IT RESOLVED, that I, Michael L. Hansen, Mayor of the City of Newton, Iowa, proclaim April 4th-10th as National Library Week. I encourage all residents to visit the Newton Public Library this week to take advantage of the wonderful library resources available at your library.

Dated this 5th day of April, 2021.

Michael L. Hansen, Mayor



PROCLAMATION

FAIR HOUSING MONTH- APRIL 2021

WHEREAS, The Fair Housing Act, enacted on April 11, 1968, enshrined into federal law the goal of eliminating racial segregation and ending housing discrimination in the United States, and;

WHEREAS, The Fair Housing Act prohibits discrimination in housing based on race, color, religion, sex, familial status, national origin, and disability, and commits recipients of federal funding to affirmatively further fair housing in their communities, and;

WHEREAS, The City of Newton is committed to the mission and intent of Congress to provide fair and equal housing opportunities for all, and;

WHEREAS, Our social fabric, the economy, health, and environment are strengthened in diverse, inclusive communities, and;

WHEREAS, More than fifty years after the passage of the Fair Housing Act, discrimination persists, and many communities remain segregated, and;

WHEREAS, Acts of housing discrimination and barriers to equal housing opportunity are repugnant to a common sense of decency and fairness.

NOW, THEREFORE, I, Michael L. Hansen, Mayor of the City of Newton, Iowa, do hereby proclaim the month of April, 2021 as **Fair Housing Month** in the City of Newton. Newton is an inclusive community committed to fair housing and to promoting appropriate activities by private and public entities to provide and advocate for equal housing opportunities for all residents and prospective residents of this community.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City of Newton to be affixed.

Signed this _____ day of April, 2021

Michael L. Hansen, Mayor



REGULAR CITY COUNCIL MEETING MINUTES
MARCH 15, 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, Trotter, Mullan. Absent: Ervin.

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

Brooke Ramsey, Business Development Manager for HIRTA Public Transit, provided Council with a 2020 update.

There was no citizen participation.

Moved by Trotter, seconded by Hallam to approve consent agenda items 4-20.

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 36th St S, BC0030734, Class C Beer Permit, Class B Native Wine Permit, Sunday Sales, pending staff approval; West End, 1321 1st 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. Resolution 2021-056 adopted.
9. Resolution appointing representatives to the Animal Protection and Control review committee. Resolution 2021-057 adopted.
10. Resolution levying assessments for costs of nuisance abatement and providing for the payment thereof (Schedule 21-02). Resolution 2021-058 adopted.
11. Resolution accepting completion of the 2020 Tree Removal Project No. 3 – Union Cemetery. Resolution 2021-059 adopted.
12. Resolution accepting completion of the 2020 Tree Removal Project No. 1 - Public Right-of-Way Trees. Resolution 2021-060 adopted.
13. Resolution approving the 2021 Independence Day Fireworks Proposal and Covid-19 Addendum. Resolution 2021-061 adopted.
14. Resolution approving Engineering Design Services Agreement to Close Cells B and C. Resolution 2021-062 adopted.
15. Resolution awarding contract for the Public Works Middle Bay Electrical Improvements Project. Resolution 2021-063 adopted.
16. Resolution approving grant application from Heart of Iowa Regional Transit Agency to Iowa Economic Development, Rural Innovation. (Resolution 2021-064 adopted.
17. Resolution approving refund of over-payment of sale proceeds for 1803 1st Avenue East. Resolution 2021-065 adopted.
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. Resolution 2021-066 adopted.
19. Resolution ordering Clerk to publish notice and fixing a date for a Public Hearing on the FY22 - FY26 Capital Improvement Plan (CIP). Resolution 2021-068 adopted.
20. Approve Bills

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

Mayor Hansen stated that this is the time and place for a Public Hearing on a Resolution Approving the 2021-22 Operating Budget for the City of Newton. There were no written comments. Moved by Mullan, seconded by Stonner, to close the public hearing. AYES: Five. NAYS: None. The public hearing was closed. Moved by Stonner, seconded by Trotter to adopt a Resolution. AYES: Five. NAYS: None. Resolution 2021-067 adopted.

Moved by Trotter, seconded by Mullan, to approve the 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. AYES: Four. NAYS: George. Third consideration passed. Moved by Trotter, seconded by Mullan to adopt the ordinance. AYES: Five. NAYS: None. Ordinance 2392 was adopted.

Moved by Hallam, seconded by Stonner, to approve the 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. AYES: Five. NAYS: None. Third consideration passed. Moved by Mullan, seconded by George to adopt the ordinance. AYES: Five. NAYS: None. Ordinance 2393 was adopted.

Moved by George, seconded by Trotter, to approve the 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. AYES: Five. NAYS: None. Third consideration passed. Moved by Trotter, seconded by George to adopt the ordinance. AYES: Five. NAYS: None. Ordinance 2394 was adopted.

Moved by Trotter, seconded by Stonner, to approve the 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 discussion ensued regarding regulating property in this manner. AYES: Four. NAYS: Hallam. Second consideration passed.

Moved by Mullan, seconded by Stonner to adopt a Resolution Authorizing the Purchase and Placement of Seasonal Floral Planters in the Newton Downtown by the Newton Downtown SSMID Board. AYES: Five. NAYS: None. Resolution 2021-069 adopted.

Moved by Trotter, seconded by Mullan to adopt a Resolution expressing intent to provide economic development support to Best Midwest Properties, LLC. AYES: Five. NAYS: None. Resolution 2021-070 adopted.

Moved by George, seconded by Mullan to adopt a Resolution approving Bond Purchase Agreement for the sale of General Obligation Corporate Purpose Bonds, Series 2021A. Michael Maloney, Managing Director at D.A. Davidson & Co. presented on the rates and terms for each bond agreement. AYES: Five. NAYS: None. Resolution 2021-071 adopted.

Moved by Stonner, seconded by George to adopt a Resolution approving Bond Purchase Agreement for the sale of Taxable General Obligation Corporate Purpose Bonds, Series 2021B. AYES: Five. NAYS: None. Resolution 2021-072 adopted.

Moved by Trotter, seconded by Mullan to adopt a Resolution approving Bond Purchase Agreement for the Sale of Sewer Revenue Bonds, Series 2021C. AYES: Five. NAYS: None. Resolution 2021-073 adopted.

Moved by Hallam, seconded by George to adopt a Resolution approving Bond Purchase Agreement for the sale of Road Use Tax Revenue Bonds, Series 2021D. AYES: Five. NAYS: None. Resolution 2021-074 adopted.

Moved by Hallam, seconded by Trotter to adopt a Resolution Accepting Agreement with Metlife Insurance for Dental and Vision Coverage. AYES: Five. NAYS: None. Resolution 2021-075 adopted.

During Mayor/Council comments Stonner thanked staff for all of their work on the budget. Mayor Hansen announced that he would be working with the Covid-19 committee to create a plan to transition council meetings back to normal.

Moved by Hallam, seconded by Trotter to adjourn the meeting at 6:47 P.M. Motion unanimously carried by voice vote.

Michael L. Hansen, Mayor

Katrina Davis, City Clerk

City of Newton Council Report



Item: Resolution voluntarily amending and extending Emergency Paid Sick Leave for city employees in conjunction with federal coronavirus related legislation-Families First Coronavirus Response Act

Report Number: 21-078

Date: April 5, 2021

Summary:

Council would voluntarily amend and extend the Emergency Paid Sick Leave Policy with the following changes between April 1, 2021 and June 30, 2021.

Lead Department:
Administration

Financial Impact:

Unknown-based on Covid-19 spread

Recommendation:
Approve

Background: The Families First Coronavirus Response Act (FFCRA) as well as Emergency Paid Sick Leave were among several pieces of legislation passed through the United States Congress that intended to help families endure the pandemic. Furthermore, the City approved an amended Emergency Paid Leave Policy for our police and fire employees which could be excluded from the legislation by providing emergency paid sick leave to the extent that the employee is unable to work because the employee has confirmed COVID-19 and capped the amount of emergency paid leave to the number of hours during a two week consecutive period that the employee was scheduled to work.

In January 2021, Congress passed legislation that allows employers to voluntarily continue these paid leaves through March 31, 2021. The mandate to provide the leave, however, ended on December 31, 2020. The City of Newton elected to extend the policy as it was established.

Congress has now passed legislation that allows employers to voluntarily continue these paid leaves through September 30, 2021. Staff recommends extending it to June 30, 2021 with the following changes.

Recommendation: The City does recognize that it is critical that staff are cared for and allowed to remove themselves from service due to a positive COVID-19 diagnosis. Therefore, by passing the resolution, the City Council would voluntarily be amending the Emergency Sick Leave Policy by providing paid sick leave to the extent that the employee is unable to work because the employee has confirmed COVID-19 and cap the amount of emergency paid leave to the number of hours during a two week consecutive period that the employee was scheduled to work, and extending it to June 30, 2021. At which time the policy would permanently expire with no additional extensions.

Matt Muckler,
City Administrator

RESOLUTION NO. 2021 - _____

**RESOLUTION VOLUNTARILY AMENDING AND EXTENDING
EMERGENCY PAID SICK LEAVE FOR CITY EMPLOYEES IN
CONJUNCTION WITH FEDERAL CORONAVIRUS RELATED
LEGISLATION-FAMILIES FIRST CORONAVIRUS RESPONSE ACT**

WHEREAS, The Families First Coronavirus Response Act (FFCRA) and the Emergency Paid Sick Leave were among several pieces of legislation passed through the United States Congress that were intended to help families endure the pandemic, and

WHEREAS, the city amended its leave policy which allows the city to also provide emergency paid sick leave to police and fire employees to the extent that the employee is unable to work because the employee has confirmed COVID-19 and caps the amount of emergency paid leave to the number of hours during a two week consecutive period that the employee was scheduled to work, and

WHEREAS, in January 2021, Congress passed legislation that allowed employers to voluntarily continue these paid leaves through March 31, 2021. The mandate to provide the leave, however, ended on December 31, 2020. The City of Newton elected to extend the policy as it was established, and

WHEREAS, Congress has now passed legislation that allows employers to voluntarily continue these paid leaves through September 30, 2021. Staff recommends extending it to June 30, 2021 with the following changes.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Newton, Iowa, that the Emergency Paid Sick leave policy be voluntarily amended to provide paid sick leave to the extent that an employee is unable to work because the employee has confirmed COVID-19 and cap the amount of emergency paid leave to the number of hours during a two week consecutive period that the employee was scheduled to work, and to extend it to June 30, 2021. At which time the policy would permanently expire with no additional extensions.

PASSED this _____ day of April, 2021

APPROVED this _____ day of April, 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. 4 - Westwood Golf Course

Report Number: 21-079

Summary:

Accept completion of contract to complete the removal of, or trimming on, 105 trees in Westwood Golf Course.

Date:

April 5, 2021

Lead Department:

Community Services

Financial Impact:

Council previously approved a contract for \$120,990.00 on October 19, 2020; and this action would accept the project and authorize payment of the retainage amount of \$6,049.50.

Recommendation:

Approve

Background:

The Derecho Storm on Monday August 10, 2020 devastated trees located within Westwood Golf Course. The damaged trees create a safety hazard to visitors of the golf course and create an unsightly appearance.

This project consists of the complete removal of, or trimming work on, 105 trees in Westwood Golf Course. 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 \$120,990.00. The Community Services 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 \$120,990.00.

Recommendation:

City staff recommends accepting the completion of the 2020 Tree Removal Project No. 4 – Westwood Golf Course and authorizing the retainage amount of \$6,049.50 to be paid to the contractor no sooner than 30 days after approval of this resolution should no claims be on file.

Matt Muckler
City Administrator

RESOLUTION 2021- _____

**RESOLUTION ACCEPTING COMPLETION OF THE 2020 TREE
REMOVAL PROJECT NO. 4 – WESTWOOD GOLF COURSE**

WHEREAS, the Derecho Storm on Monday August 10, 2020 devastated trees located within Westwood Golf Course; and

WHEREAS, the damaged trees create a safety hazard to visitors of the golf course; and

WHEREAS, this project included complete removal of, or trimming work on, 105 trees in Westwood Golf Course; 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.4 – Westwood Golf Course 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 \$120,990.00 on October 19, 2020 for the 2020 Tree Removal Project No.4 – Westwood Golf Course; and

WHEREAS, DW Tree Service has completed their work, and the Community Services 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 \$120,990.00 and will be paid utilizing FEMA reimbursement for 75% at \$90,742.50, State reimbursement for 10% at \$12,099.00 and the remaining \$18,148.50 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 Community Services Director to execute payment of the retainer in the amount of \$6,049.50 to DW Tree Service no sooner than 30 days after approval of this resolution, should no claims be on file.

PASSED this _____ day of April, 2021.

APPROVED this _____ day of April, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report

Item:

Resolution awarding contract for the Agnes-Patterson Park Trail Repairs and ADA Parking Improvements Project.

Summary:

Award of contract to improve City Hike & Bike Trails.

Financial Impact:

\$44,772.00 from the 2019 & 2020 Bond Funds.



Report Number: 21-080

Date:

April 5, 2021

Lead Department:

Community Services

Recommendation:

Approve

Background:

The Newton Parks hike & bike trails in Agnes-Patterson Park have started to deteriorate and are in need of repairs. Cracks and uneven joints create unsafe conditions for cyclists, walkers, and runners using the trails. Repairs have been completed in the south half of Agnes-Patterson Park and this project would make the remaining needed repairs in the north half.

Plans and specifications were prepared by the Community Services Department and were placed out for bid. The project will include removing and replacing 546 SY of 5" PCC Hike & Bike trail.

The following bids were received and opened on March 30, 2021:

Caliber Concrete LLC – Adair, Iowa	\$ 44,772.00
Pillar, Inc – Huxley, Iowa	\$ 48,129.90
TK Concrete, Inc. – Pella, Iowa	\$ 48,594.00

The apparent low bidder is Caliber Concrete, LLC of Adair, Iowa. The engineer's estimate of construction cost is \$54,600.00. The completion date of the project is August 31, 2021. The project will be paid for using 2019 and 2020 bond proceeds.

Recommendation:

City Staff recommends that Council award the project to the low responsive, responsible bidder, Caliber Concrete, LLC of Adair, Iowa.

A handwritten signature in black ink, appearing to read "Matt Muckler".

Matt Muckler
City Administrator

RESOLUTION NO. 2021 – _____

RESOLUTION AWARDING CONTRACT FOR THE AGNES-PATTERSON PARK TRAIL REPAIRS AND ADA PARKING IMPROVEMENTS PROJECT.

WHEREAS, the Newton Parks hike & bike trails in Agnes-Patterson Park have started to deteriorate and are in need of repairs; and

WHEREAS, remaining 2019 bond proceeds allocated \$5,362 and 2020 bond proceeds allocated \$50,000 for the hike & bike trail repairs; and

WHEREAS, the City of Newton Community Services Division prepared plans and specifications for the proposed Agnes-Patterson Park Trail Repairs and ADA Parking Improvements Project; and

WHEREAS, sealed bids were received and opened on March 30, 2021; and

WHEREAS, City staff recommends that the City of Newton award a contract to Caliber Concrete, LLC of Adair, Iowa for the Agnes-Patterson Park Trail Repairs and ADA Parking Improvements Project based on the low responsive, responsible bid received in the amount of \$44,772.00

NOW, THEREFORE, BE IT RESOLVED, by the City Council of Newton, Iowa, that the bid of Caliber Concrete, LLC of Adair, Iowa, in the amount of Forty-Four Thousand, Seven Hundred Seventy-Two Dollars and Zero Cents (\$44,772.00) for the Agnes-Patterson Park Trail Repairs and ADA Parking Improvements Project, all as described in the plans and specifications, is hereby accepted, the same being the lowest 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 Caliber Concrete, LLC of Adair, Iowa for the Agnes-Patterson Park Trail Repairs and ADA Parking Improvements Project as described by the plans and specifications filed in the office of the City Clerk, said contract to be signed by the Mayor and City Clerk on behalf of the City, be and the same are hereby approved.

PASSED this ____ day of April, 2021.

APPROVED this ____ day of April, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report

Item: Resolution authorizing the purchase of a Front-End Loader for the Public Works Department.

Summary: To replace an existing 2002 IT-28 Caterpillar Front End-Loader.

Financial Impact: \$184,518.00 paid with Road Use Tax Funds.



Report Number: 21-081

Date: April 5, 2021

Lead Department: Public Works

Recommendation: Approve

Background

Public Works Operations currently has a 2002 front-end loader Public Works Operations. The 2002 front-end loader has 7,204 hours, increased maintenance costs, severe rusting and is at the scheduled time for replacement. A new front-end loader was included in the capital equipment plan for fiscal year FY2022. Public Works Operations has a need on a daily basis for the use of the front-end loaders for many of the operational needs including concrete, asphalt repairs, loading, hauling, spreading material, unloading deliveries, and snow removal operations.

Utilizing Sourcwell a public purchasing cooperative for state & local governments, City staff requested bids to meet our specifications.

The following bid for a Volvo L70H front-end loader was obtained:

<u>Equipment Dealer</u>	<u>Model</u>	<u>Bid Price</u>
Housby Heavy Equipment, Ankeny, Iowa	L70H	\$184,518.00

Recommendation

Approval of the resolution authorizing the purchase of a Volvo L70F front-end loader from Housby Heavy Equipment of Ankeny, Iowa for \$184,518.00 and placing the existing 2002 front-end loader on Public Surplus online auction with a reserve amount of \$19,000, which is equal to the trade-in value offered by Housby Heavy Equipment, choosing whichever option is higher. The purchase of the front-end loader will be paid utilizing Road Use Tax Funds.

Matt Muckler
City Administrator

RESOLUTION NO. 2021-_____

**RESOLUTION AUTHORIZING THE PURCHASE OF A FRONT-END
LOADER FOR PUBLIC WORKS OPERATIONS**

WHEREAS, a new front-end loader was included in the capital equipment plan for fiscal year 2021-2022; and

WHEREAS, city staff utilized Sourcewell pricing for a new front-end loader; and

WHEREAS, based on the desired specifications for a front-end loader, the Sourcewell price was from Housby Heavy Equipment of Ankeny, Iowa in an amount of \$184,518.00 for a Volvo L70H front-end loader; and

WHEREAS, the existing 2002 Cat IT-28 front-end loader will either be sold to Housby Heavy Equipment of Ankeny, Iowa for \$19,000 or sold through Public Surplus online auction for an amount greater than \$19,000; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Newton, Iowa, that the Public Works Director is authorized to purchase a new Volvo L70H front-end loader from Housby Heavy Equipment of Ankeny, Iowa in the amount of \$184,518.00. The front-end loader will be paid utilizing Road Use Tax fund; and

THEREFORE, BE IT FURTHER RESOLVED, by the City Council of the City of Newton, Iowa, that the Public Works Director is authorized to sell the existing front-end loader, either to Housby Heavy Equipment of Ankeny for \$19,000.00, or on Public Surplus online auction, whichever is higher.

PASSED this _____ day of _____, 2021.

APPROVED this _____ day of _____, 2021.

(SEAL)

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report

Item: Resolution authorizing the purchase of a grapple bucket for the Public Works Department.

Summary: To purchase a heavy duty brush grapple bucket that mounts on an existing wheel loader.

Financial Impact: \$18,475.00 from available Road Use Tax funds.



Report Number: 21-082

Date: April 5, 2021

Lead Department: Public Works

Recommendation: Approve

Background

A heavy-duty brush grapple bucket that mounts on an existing wheel loader was included in the FY2022 capital equipment plan. A grapple bucket mounted to a wheel loader is consistent with the city's mission statement of providing the highest level of service within the constraints of the budget, based on continuous improvement.

A brush grapple bucket mounted to the wheel loader will be used primarily for tree debris cleanup in right-of-way tree removal and will be available in case of natural disasters that may occur.

Utilizing Sourcewell a public purchasing cooperative for state & local governments, City staff requested bids to meet our specifications and the following was received:

<u>Dealer</u>	<u>Model</u>	<u>Price</u>
Housby Heavy Equipment	Rockland HDBG-30-QC	\$18,475.00

Recommendation

Approval of resolution to purchase a grapple bucket from Housby Heavy Equipment of Ankeny, Iowa for \$18,475.00, utilizing Road Use Tax Funds.

Matt Muckler
City Administrator

RESOLUTION NO. 2021-_____

**RESOLUTION AUTHORIZING THE PURCHASE OF A GRAPPLE
BUCKET FOR THE PUBLIC WORKS DEPARTMENT**

WHEREAS, a heavy duty brush grapple bucket was identified as a need during the 2021-2022 CEP/CIP process; and

WHEREAS, bids utilizing Sourcewell a public purchasing cooperative for state & local governments pricing for a heavy duty grapple bucket was obtained; and

WHEREAS, Housby Heavy Equipment of Ankeny, Iowa was the lowest, responsive bidder for the heavy duty brush grapple bucket submitting a bid of \$18,475.00; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Newton, Iowa, that the Public Works Director is authorized to proceed with the purchase of heavy duty brush grapple bucket from Housby Heavy Equipment of Ankeny, Iowa in the amount of \$18,475.00 utilizing Road Use Tax Funds.

PASSED this _____ day of _____, 2021.

APPROVED this _____ day of _____, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report

Item: Resolution approving the purchase of a tractor and mower for Streets, Landfill and WPC.

Summary: Replace the existing two (2) 1999 John Deere tractors and one (1) mower at Streets and Landfill.

Financial Impact: Total cost of \$84,889.62 paid from Road Use, Landfill and WPC enterprise funds.



Report Number: 21-083

Date: April 5, 2021

Lead Department: Public Works

Recommendation: Approve

Background:

The Public Works Department has a need to mow with tractors and pull behind rotary mowers in several work areas including streets, landfill and wastewater. The tractors and mowers are used to mow road ditches, embankments, slopes, medians, landfill property, wastewater pump stations and lagoons. Both streets and landfill tractors are 21-year-old John Deere tractors and are in need of replacement.

In an effort to create operational efficiencies and reduce the overall equipment needs of the Public Works Department, staff realized labor and equipment savings by combining this similar task to one individual employee, utilizing one piece of equipment.

Currently streets, landfill and wastewater each have their own tractors and mowers for these tasks. The existing tractors and mowers in streets and landfill are in need of replacement. The tractor at Wastewater is shared with the airport for pulling their large mower during the mowing season. All of this mowing has always been completed with fulltime staff. In an effort to become more efficient and better utilize full-time employees, this task is going to be reassigned to part time/seasonal staff. The part time/seasonal employee will complete these mowing tasks for all three divisions of Public Works.

One tractor and mower is proposed to be purchased for streets, landfill and wastewater mowing needs.

The tractor at wastewater is much larger and in better condition. This tractor is proposed to be sold to the airport for their use, utilizing 2020 equipment replacement bond funds.

Staff planned for these equipment needs in the 2021/2022 CEP/CIP. Landfill 28E members were in favor of this proposal at the annual meeting on February 2, 2021. The cost of the tractor and batwing mower is to be split equally 3 ways between streets, landfill and wastewater divisions.

Staff prepared specifications for a tractor and mower utilizing Sourcewell, a state and local government purchasing cooperative. The following quotes were received:

<u>Dealer</u>	<u>Model</u>	<u>Bid Price</u>
Van Wall Equipment Colfax, Iowa	6105E Tractor	\$66,800.62

<u>Dealer</u>	<u>Model</u>	<u>Bid Price</u>
Prairie Ag Supply, Prairie City	RC 5715 Mower	\$18,089.00

Recommendations:

Approval of purchasing a 6105E John Deere tractor from Van Wall Equipment of Colfax, Iowa for the Sourcewell bid amount of \$66,800.62 and a Land Pride RC 5715 pull type rotary mower from Prairie Ag Supply Prairie City, Iowa for \$18,089.00. Total combined cost is \$84,889.62

Placing the two existing 1999 John Deere tractors on Public Surplus online auction with a reserve amount equal to the trade-in offer from Van Wall Equipment of Colfax, Iowa. Trade-in value offered \$8,000 for the landfill tractor and mower and \$7,000 for the Street's tractor will enable the City to get the best sale price, either from Van Wall Equipment or a higher bid from the Public Surplus online auction. Sell the Wastewater tractor to the airport for fair market value, to be determined at the time of sale, utilizing 2020 bond funds for airport equipment and proceeds going back to wastewater fund. Sale the Wastewater Big Ox 3 point 7' rotary mower on Public Surplus with a \$200 reserve. Keep the street's 10' batwing mower as a backup.



Matt Muckler
City Administrator

RESOLUTION NO. 2021-_____

**RESOLUTION APPROVING PURCHASE OF TRACTOR AND MOWER
FOR STREETS, LANDFILL AND WASTEWATER**

WHEREAS, the Public Works Department has a need to mow with tractor and rotary mowers in several work areas including streets, landfill and wastewater; and

WHEREAS, staff analysis of labor and equipment determined to create efficiencies within the Public Works Department a replacement tractor and mower was the appropriate piece of equipment to replace the existing two (2) 21-year-old John Deere tractors being used at streets, landfill and wastewater; and

WHEREAS, staff planned for the replacement of this equipment in the 2021/2022 CIP/CEP process; and

WHEREAS, the cost of a tractor and batwing mower is to be split equally between streets, landfill and wastewater; and

WHEREAS, landfill 28E members were in favor of the proposal at the annual meeting on February 2, 2021; and

WHEREAS, staff prepared specifications for a tractor and mower utilizing Sourcewell pricing; and

WHEREAS, based on the desired specifications for the tractor; Van Wall Equipment is the dealer with a Sourcewell quote of \$66,800.62; and

WHEREAS, based on the desired specifications for the tractor; Prairie Ag Supply Prairie City, Iowa is the dealer with a Sourcewell quote of \$18,089.00; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Newton, Iowa, that the Public Works Director is authorized to purchase a John Deere 6105E tractor from Van Wall Equipment of Colfax, Iowa in the amount of \$66,800.62. The cost to be split equally between RUT, WPC and Landfill enterprise funds.

NOW, THEREFORE, BE IT FURTHER RESOLVED, by the City Council of the City of Newton, Iowa, that the Public Works Director is authorized to purchase a Land Pride RC 5715 pull type rotary mower from Prairie Ag Supply Prairie City, Iowa for \$18,089.00. The cost to be split equally between RUT, WPC and Landfill enterprise funds.

NOW, THEREFORE, BE IT FURTHER RESOLVED, by the City Council of the City of Newton, Iowa, that the Public Works Director is authorized to place the existing two (2) 1999 John Deere tractors and mower on Public Surplus online auction with a reserve amount equal to the trade-in offer from Van Wall Equipment of Colfax, Iowa; \$8,000.00 for Landfill tractor and mower and; \$7,000.00 for Street's tractor.

NOW, THEREFORE, BE IT FURTHER RESOLVED, by the City Council of the City of Newton, Iowa, that the Public Works Director is authorized to sell the wastewater tractor to the airport at fair market value at the time of delivery of the new tractor, utilizing airport equipment 2020 bond funds, repaying wastewater fund.

PASSED this ____ day of April 2021.

APPROVED this ____ day of April 2021.

ATTEST:

Michael L. Hansen, Mayor

Katrina Davis, City Clerk

City of Newton Council Report

Item: Resolution authorizing purchase of a dozer at the Newton Sanitary Landfill

Summary: Replacing a 2014 850K dozer at the Newton Sanitary Landfill

Financial Impact: \$408,969.44 from the Landfill Enterprise Fund



Report Number: 21-084

Date: April 5, 2021

Lead Department:
Public Works

Recommendation:
Approve

Background

The Landfill has a need to use a dozer to push solid waste and move dirt for covering of the solid waste on a daily basis to comply with the Iowa Department of Natural Resources and Federal Environmental Protection Agency requirements for landfill's operations.

The existing John Deere 850K dozer was purchased in 2014. The machine is nearing time to be rebuilt, based on hours, age and maintenance costs of machine. Staff determined the optimum time to replace this dozer would be summer of 2021 before the machine reaches 10,000 hrs and loses trade-in value and requires very expensive rebuilding costs. To save costs, the ripper on the current machine will be retained and installed on the new machine.

The replacement of the dozer was discussed at the annual Landfill Budget Workshop meeting and the 28E members were in favor of the replacement. Replacement of the existing dozer was included in the 2021-2022 capital equipment plan.

The following bid for a John Deere 850L dozer was obtained utilizing the State of Iowa state bid pricing:

<u>Equipment Dealer</u>	<u>Model</u>	<u>Bid Price</u>
Murphy Tractor, Des Moines, Iowa	850L	\$408,969.44

Recommendation

Approval of the resolution authorizing the purchase of a John Deere 850L dozer from Murphy Tractor of Ankeny, Iowa for \$408,969.44 and placing the existing 2014 850K dozer on Public Surplus online auction with a reserve amount of \$33,000, which is equal to the trade-in value offered by Murphy Tractor, choosing whichever option is higher. The purchase of the 850L dozer will be paid utilizing Landfill Enterprise Funds.

Matt Muckler
City Administrator

RESOLUTION NO. 2021-_____

**RESOLUTION AUTHORIZING PURCHASE OF A DOZER AT THE
NEWTON SANITARY LANDFILL**

WHEREAS, the Newton Sanitary Landfill identified the John Deere 850K to be replaced in the 2021-2022 capital equipment plan; and

WHEREAS, the replacement of the dozer was discussed at the annual Landfill Budget Workshop meeting and the 28E members were in favor of the replacement; and

WHEREAS, city staff prepared specifications for a new dozer; and

WHEREAS, based on the State of Iowa, state bid pricing for a new dozer, Murphy Tractor of Des Moines, Iowa is the successful bidder in an amount of \$408,969.44 for a John Deere 850L Dozer; and

WHEREAS, the existing 2014 John Deere 850K dozer will either be sold to Murphy Tractor of Des Moines, Iowa for \$33,000 or sold through Public Surplus online auction for an amount greater than \$33,000; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Newton, Iowa, that the Public Works Director is authorized to proceed with the purchase of a new John Deere 850L dozer from Murphy Tractor in Des Moines, Iowa in the amount of \$408,969.44 utilizing funds from the Newton Sanitary Landfill Enterprise Fund; and

THEREFORE, BE IT FURTHER RESOLVED, by the City Council of the City of Newton, Iowa, that the Public Works Director is authorized to sell the existing 850K dozer, either to Murphy Tractor of Des Moines, Iowa for the trade-in value of \$33,000.00, or a higher amount on Public Surplus online auction.

PASSED this _____ day of _____, 2021.

APPROVED this _____ day of _____, 2021.

(SEAL)

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report



Item: Resolution Approving a Property Tax Rebate for the Newton Senior Residence, LLC Property Located Within the North Central Urban Renewal Area

Summary: Resolution Approving Property Tax Rebate to the Newton Senior Residence, LLC Property According to the Approved Development Agreement

Financial Impact:

\$17,490 property tax rebate from the North Central Urban Renewal TIF Fund

Report Number: 21-085

Date: April 5, 2021

Lead Department:
Administration

Recommendation:
Approval

Background:

In March of 2014 the City of Newton approved a Development Agreement with Newton Senior Residence, LLC on the property located at 222 N 4th Ave W, within the North Central Urban Renewal Area. The Agreement states that the City shall rebate 100% of all TIF property taxes paid by Newton Senior Residence, LLC in Fiscal year 20/21.

Newton Senior Residence, LLC has provided documentation that the total amount of the North Central Urban Renewal Area property taxes owed in 2020-21 in the amount of \$17,490 have been paid to the Jasper County Treasurer and is eligible for rebate.

Recommendation:

Staff recommends approval of the attached Resolution approving the tax rebate payment to Newton Senior Residence, LLC.

Matt Muckler
City Administrator

RESOLUTION NO. 2021 – _____

**RESOLUTION APPROVING A PROPERTY TAX REBATE FOR THE
NEWTON SENIOR RESIDENCE, LLC PROPERTY LOCATED WITHIN
THE NORTH CENTRAL URBAN RENEWAL AREA**

WHEREAS, the City of Newton (City) has established the North Central Urban Renewal Area; and

WHEREAS, a Development Agreement with Newton Senior Residence, LLC was entered into in March of 2014 on property located at 222 N 4th Ave W within the North Central Urban Renewal Area,

WHEREAS, said Agreement states the City will provide the Developer a 100% TIF Property Tax Rebates in Fiscal Year 20-21, and

WHEREAS, the Developer has paid its property taxes for the entire year 2020-2021 in the total amount of \$20,405, and is eligible to receive a 100% TIF rebate of \$17,490;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Newton, Iowa:
That, per the terms of the Development Agreement with Newton Senior Residence, LLC, a property tax rebate for the entire fiscal year 2020-2021 taxes in the amount of \$17,490 is hereby approved.

PASSED this 5th day of April, 2021.

APPROVED this _____ day of April, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report



Item: Resolution Approving Payment to S&P Global Ratings for Services Related to the 2021 Bonding

Summary: Resolution Approving Payment to S&P Global Ratings for Services Related to 2021 Bonding

Financial Impact:

\$11,925 Paid from 2021A and 2021B Bond Proceeds and \$20,250 Paid from 2021C Sewer Revenue Bonds

Report Number: 21-086

Date: April 5, 2021

Lead Department:
Administration

Recommendation:
Approval

Background:

S&P Global Ratings have provided rating services for the 2021A&B Bonds as well as the 2021 Sewer Revenue Bonds. Ratings have been issued and it is recommended to process the payment for these services. Bond proceeds will be used to pay for these expenses.

Recommendation:

Staff recommends approval of the attached Resolution approving the payment to S&P Global Ratings for services related to the 2021 bonding.

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

Matt Muckler
City Administrator

RESOLUTION NO. 2021 – _____

**RESOLUTION APPROVING PAYMENT TO S&P GLOBAL RATINGS
FOR SERVICES RELATED TO THE 2021 BONDING**

WHEREAS, the City of Newton (City) has been the in process of issuing bonds in 2021; and

WHEREAS, S&P Global Ratings has provided rating services for the 2021 bonds,

NOW, THEREFORE, BE IT RESOLVED by the City Council of Newton, Iowa:
That payment should be made to S&P Global Ratings for the 2021 bonding in the amount of \$11,925 for the 2021A & B Bonds and \$20,250.00 for the 2021C Sewer Revenue Bonds. These expenses shall be paid with 2021 bond proceeds.

PASSED this 5th day of April, 2021.

APPROVED this _____ day of April, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report

Item: Resolution setting a public hearing and inviting proposals for the sale of property at 520 North 3rd Avenue East, 920 East 9th Street North, and 922 East 9th Street North in Newton

Summary: The City acquired these three properties through the D&D program. In order to sell the property, City Council must first set a public hearing to consider proposals from the public.

Financial Impact: No cost.



Report Number: 21-087

Date: April 5, 2021

Lead Department: Community Development Department

Recommendation:
Approve

Summary: The City acquired 520 North 3rd Avenue East, 920 East 9th Street North, and 922 East 9th Street North through the D&D program. There has been expressed interest in these properties.

Iowa Code Chapter 364.7 requires cities to set public hearings before disposing of any property. Public notice would then be published in the *Newton Daily News* and all interested parties would be able to submit proposals.

The attached Resolution sets a public hearing for the regular Council meeting on May 3, 2021. Proposals will be accepted until 3:00 pm on April 19, 2021.

Recommendation:

City Staff recommends approval.

A handwritten signature in black ink, appearing to read "Matt Muckler".

Matt Muckler
City Administrator

RESOLUTION NO. 2021 – _____

**RESOLUTION SETTING A PUBLIC HEARING AND INVITING
PROPOSALS FOR THE SALE OF PROPERTY AT 520 NORTH 3RD
AVENUE EAST, 920 EAST 9TH STREET NORTH, AND 922 EAST 9TH
STREET NORTH IN NEWTON**

WHEREAS, the City of Newton owns property located at 520 North 3rd Avenue East, 920 East 9th Street North, and 922 East 9th Street North, Newton, legally described as:

520 North 3rd Avenue East: LOT "R" OF COONEY'S SUBDIVISION IN NEWTON, JASPER COUNTY, IOWA, AS APPEARS IN PLAT RECORDED IN PLAT BOOK B, PAGE 246, OF THE RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF JASPER COUNTY, IOWA.

920 East 9th Street North: LOTS SEVEN AND EIGHT IN BLOCK TWELVE IN EDMUNDSON'S ADDITION TO THE CITY OF NEWTON, JASPER COUNTY, IOWA, AS SHOWN BY PLAT RECORDED IN PLAT BOOK "C", PAGE 33 IN THE OFFICE OF THE RECORDER OF SAID COUNTY.

922 East 9th Street North: THE SOUTH 44 FEET OF LOT 9 IN BLOCK 12 IN EDMUNDSON'S ADDITION TO NEWTON, JASPER COUNTY, IOWA.

WHEREAS, said real estate is not needed for public purposes, and

WHEREAS, Iowa Code Chapter 364.7 requires cities to set and hold a public hearing before selling or disposing of real estate, and,

NOW, THEREFORE, BE IT RESOLVED by the City Council of Newton, Iowa:

Section 1: That the Public Notice in substantially the following form shall be given that a Public Hearing be held at 6:00 pm on May 3, 2021, in the City Council Chambers of City Hall, 101 West 4th Street South, and/or via Zoom to consider the sale of the above noted property:

PUBLIC NOTICE

The City Council of Newton, Iowa will hold a Public Hearing at 6:00 p.m. on May 3, 2021, at City Hall, 101 West 4th Street South, and/or via Zoom to consider proposals for purchase of the property located at 520 North 3rd Avenue East, 920 East 9th Street North, and 922 East 9th Street North, Newton. The property is legally described as: LOT "R" OF COONEY'S SUBDIVISION IN NEWTON, JASPER COUNTY, IOWA, AS APPEARS IN PLAT RECORDED IN PLAT BOOK B, PAGE 246, OF THE RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF JASPER COUNTY, IOWA; LOTS SEVEN AND EIGHT IN BLOCK TWELVE IN EDMUNDSON'S ADDITION TO THE CITY OF NEWTON, JASPER COUNTY, IOWA, AS SHOWN BY PLAT RECORDED IN PLAT BOOK "C", PAGE 33 IN THE OFFICE OF THE RECORDER OF SAID COUNTY; THE SOUTH 44 FEET OF LOT 9 IN BLOCK 12 IN EDMUNDSON'S ADDITION TO NEWTON, JASPER COUNTY, IOWA. Proposals shall be submitted by 3:00 p.m., April 19, 2021, to the Newton Community Department; 403 West 4th Street North, Suite 501; Newton, Iowa 50208. Additional information about the property and the process for submitting a proposal is available at the Community Development Department, (641)-792-6622. The City Council will consider all proposals received, but reserves the right to reject any or all proposals received or to accept any proposal it deems in the best public interest. At said Hearing, interested persons may be heard in support of or opposition to said sale or the price or terms of a proposed agreement.

Section 2: That following the Public Hearing, City Council may select the proposal to purchase the described property which is in the best interest of the City Newton and shall thereafter sell said property at the price and under such terms as it shall determine, subject to an Agreement for Purchase with the selected Purchaser.

PASSED this _____ day of April 2021.

APPROVED this _____ day of April 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk



Newton

Downtown Clean-Up and Plant Care Agreement Between City of Newton and Randy's Lawn Care and Snow Removal

This Agreement made and entered into this ____ day of _____ 2021 by and between the City of Newton, Iowa, hereinafter called "City", AND Randy's Lawn Care and Snow Removal hereinafter called "Vendor."

WHEREAS, the City wishes to obtain the services of the Vendor to provide Newton Downtown Self-Supporting Municipal Improvement District (SSMID) Clean-up Services and Planting Care; and

NOW, THEREFORE BE IT UNDERSTOOD AND AGREED:

- 1.) The Vendor will two times per week conduct district cleaning:
 - a. Removal of litter within the district (see map Attachment A).
 - b. Sweeping and removal of grit, cigarette butts, leaves, and other debris from the sidewalks, walkways, alleys, and parking areas within the district, as necessary.
 - c. Removal of gum from City sidewalks and walkways, as necessary. (The SSMID will provide a gum removal product as needed by contractor.)
 - d. Cleaning of fixtures, such as benches and trashcans, as necessary.
- 2.) The Vendor will provide the following planting care as necessary:
 - a. Watering and Weeding Entire Downtown Area Plantings: Concrete Bunkers, Flower Pots, and plantings in Sersland Park, Northside Pocket Park, and Southside Pocket Park (located in the 200 block 1st Ave W, southward to S 2nd AVE W).

Water is not available in the downtown and is anticipated to be provided by tank/truck by the contractor. Watering shall not be done within 24 hours of significant rainfall.

- 3.) The Vendor shall defend and hold harmless the City, City's employees, agents, and subcontractors from liability arising from Vendor's performance of this contract.
- 4.) The Vendor will maintain liability insurance for injuries including accidental death and maintain property damage liability coverage. Vendor shall provide certificate of insurance indicating coverage.

- 5.) It is the Vendor's responsibility to maintain in force worker's compensation insurance in accordance with Iowa statutory requirements. The parties further agree that the Vendor is not an employee of the City of Newton and serves as an independent contractor.
- 6.) Term: This agreement shall be in effect from May 1, 2021 to October 31, 2021. This agreement may be cancelled by any party at any time within thirty (30) days written notice to the other party or parties.
- 7.) Conditions of Payment:
- a. The City will pay Vendor contract payments of \$500.00 per month for district cleaning.
 - b. The City will pay Vendor \$125.00 per occasion (Maximum of 4 times per week due to budget) for plant watering and weeding.
- 8.) The Vendor will provide invoices to the City of Newton for services performed on a monthly basis. Invoices shall be sent to the City at:
- Craig Armstrong, Development Specialist
403 W 4th Street N, Suite 501
Newton, Iowa 50208
- 9.) The City will make timely payments to all invoices received.

For Randy's Lawn Care and Snow Removal:

Randy Ray

Date

For City of Newton:

Michael L. Hansen, Mayor

Date

City of Newton Council Report

Item: A Resolution approving the hiring of Randy's Lawn Care and Snow Removal for watering of plantings and district wide clean-up for the Newton Downtown SSMID.

Summary: At their regular meeting on March 9th, the SSMID Board selected Randy's Lawn Care & Snow Removal to water Downtown flowers and to perform clean up in the district from June 1 through October 31.

Financial Impact: \$125 per occasion for watering downtown flowers and \$500.00 per month for clean-up from the SSMID Fund



Report Number: 21-088

Date: April 5, 2021

Lead Department: Community Development Department

Recommendation:
Approve

Background: For the past seven years, the Downtown SSMID Board has hired contractors to water the plantings within the district and to perform general clean up twice a week. A number of contractors have been utilized over the past seven years, with Randy's Lawn Care & Snow Removal providing the district clean-up and plant watering services during the 2020 season.

This year, the SSMID Board authorized a solicitation of bids for the 2021 Newton Downtown SSMID District Basic Cleaning and Plant Maintenance contract. Two contractors responded to the solicitation by submitting quotes: Randy's Lawn Care & Snow Removal of Newton and Jackson Contracting, LLC of Des Moines. The lowest bid was from Randy's Lawn Care & Snow Removal to provide watering service for \$125.00 per occasion, with the contractor supplying the water, and to provide cleaning services for \$500.00 per month for the 2021 season.

At their regular meeting on March 9, 2021, the Newton Downtown SSMID Board reviewed the two quotes that were received and unanimously approved selecting Randy's Lawn Care and Snow Removal for the project lasting from May 1, 2021 to October 31, 2021.

Recommendation: City Staff recommends approval of the resolution.

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

Matt Muckler
City Administrator

RESOLUTION NO. 2021 – _____

**RESOLUTION APPROVING THE HIRING OF RANDY’S LAWN CARE AND SNOW
REMOVAL FOR WATERING OF PLANTINGS AND DISTRICT WIDE CLEAN-UP FOR
THE NEWTON DOWNTOWN SSMID**

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

WHEREAS, the Downtown SSMID Board sought bids for the 2021 Newton Downtown SSMID District Basic Cleaning and Plant Maintenance contract, and

WHEREAS, two contractors responded to the solicitation by submitting quotes as requested: Randy’s Lawn Care & Snow Removal of Newton and Jackson Contracting, LLC of Des Moines, and

WHEREAS, the lowest bid received was from Randy’s Lawn Care and Snow Removal for \$125.00 per occasion for watering of Downtown Plantings and \$500.00 per month to provide clean-up services within the Downtown District, and

WHEREAS, the Newton Downtown SSMID Board unanimously approved selecting Randy’s Lawn Care and Snow Removal as the contractor for plant watering and district wide clean-up services at their regular meeting on March 9, 2021;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Newton, Iowa, that Randy’s Lawn Care and Snow Removal is hired as the planting care and district cleaning contractor for the Newton Downtown SSMID, and

BE IT FURTHER RESOLVED by the City Council of Newton, Iowa:
That the attached agreement between Randy’s Lawn Care and Snow Removal and the City of Newton be executed.

PASSED this 5th day of April, 2021.

APPROVED this _____ day of April, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Disbursements 4-6-21

Vendor	Department	Description	Amount
Accujet LLC	Water Pollution Control	Service	\$ 1,476.26
Acushnet Company	Golf	Clothing	\$ 5,671.14
Airgas USA LLC	Fire	Supplies	\$ 257.41
Alliant Energy/IPL	All	Utility	\$ 2,846.94
Alphacard	Maytag Pool	Supplies	\$ 288.50
Amazon Capital Services	All	Supplies	\$ 2,183.22
American Floor Mats	Police	Supplies	\$ 280.15
AT & T Mobility	Police	Service	\$ 255.12
Baker & Taylor	Library	Books	\$ 2,696.14
Baker & Taylor Entertainment	Library	DVDs	\$ 104.71
BARKERLEMAR	Landfill	Fee	\$ 750.00
Black Clover Enterprises LLC	Golf	Merchandise	\$ 289.12
Black Hills Energy	All	Utility	\$ 2,580.65
Bolton & Menk Inc	Water Pollution Control	Service	\$ 3,192.50
Bound Tree Medical LLC	Fire	Supplies	\$ 624.61
Browning, Mike	Fire	Reimbursement	\$ 25.00
Bruns, Gregory J	Fire	Reimbursement	\$ 50.00
Caldwell Brierly & Chalupa PLLC	Commercial D&D	Service	\$ 6,813.95
Callaway Golf	Golf	Merchandise	\$ 362.52
Car Country	Parks	Service	\$ 100.00
Carl's Window Service	Library	Service	\$ 990.00
CDW Government Inc	Library	Equipment	\$ 4,161.79
Cintas	Water Pollution Control	Supplies	\$ 175.96
Cintas	All	Service	\$ 941.15
Computer Resource Specialists	Library	Computer equipment	\$ 59.40
Consumer Reports	Library	Subscription	\$ 30.00
Contract Specialty LC	Golf	Supplies	\$ 2,081.50
Cook's Illustrated	Library	Subscription	\$ 24.95
Davis Equipment Corp	Golf	Supplies	\$ 1,568.18
Davis, Katrina	Administration	Reimbursement	\$ 72.58
Demco Inc	Library	Supplies	\$ 172.62
DePenning & Associates	Street	Service	\$ 367.00
Des Moines Stamp Mfg	Landfill	Supplies	\$ 61.55
Digium Cloud Services LLC	All	Service	\$ 401.00
DMACC - Ankeny Campus	PW Building	Rent	\$ 1,895.75
Dodd Trash Hauling & Recycling	Solid Waste	Service	\$ 59,829.12
Eckert, Bernard	Police	Training	\$ 137.41
Electric Pump	Water Pollution Control	Supplies	\$ 488.20
Envisionware Inc	Library	Technology Services	\$ 1,070.00
Family Handyman	Library	Subscription	\$ 34.98
Fastenal	Airport	Supplies	\$ 40.87
FBG Service Corporation	Library	Service	\$ 1,644.00
Financial Forms & Supplies	Police	Service	\$ 152.42
Forbes Office Solutions	All	Supplies	\$ 281.55
Forck, Matt	Water Pollution Control	Reimbursement	\$ 64.00

Fortres Grand Corp	Library	Technology Services	\$ 219.96
Fox Engineering	Water Pollution Control	Service	\$ 61,370.00
Fuller, Shawn	Executive	Reimbursement	\$ 98.36
Galls LLC	Police/Fire	Clothing	\$ 674.61
Grainger Inc	Street	Supplies	\$ 1,330.67
Gralnek-Dunitz	Golf	Supplies	\$ 42.00
Gregg Young Auto Center	Police	Service	\$ 1,401.77
Grimes Asphalt and Paving	Street	Supplies	\$ 1,873.18
Hawkins Water Treatment	Water Pollution Control	Supplies	\$ 1,486.00
Homeguard Security Alarm	All	Service	\$ 828.00
Hornung's	Golf	Merchandise	\$ 203.05
Hotsy Cleaning Systems	City Garage/Fire	Supplies	\$ 575.98
Image Trend Inc	Fire	Service	\$ 776.00
In-Roads LLC	Street	Service	\$ 3,137.58
Iowa Stormwater Education Partnership	Airport	Training	\$ 80.00
Isolved Benefit Services	Finance	Service	\$ 98.03
Jasper Construction Services	Parks	Supplies	\$ 221.96
Jasper County Abstract	Commercial D&D	Supplies	\$ 825.00
JETCO Inc	Water Pollution Control	Service	\$ 259.50
Johnson Aviation	Airport	Service	\$ 3,015.29
Keystone Labs	Water Pollution Control	Service	\$ 2,958.84
Kiesler's Police Supply	Police	Equipment	\$ 105.00
Lands' End Business Outfitters	Street	Clothing	\$ 204.70
Liberty Tire Services LLC	Landfill	Service	\$ 125.00
Liebl Marketing Group	Community Marketing	Service	\$ 2,750.00
Lyman, Rick	Parks	Service	\$ 470.28
Magnum Automotive	Police	Service	\$ 39.67
Marsden Bldg Maintenance	City Center	Supplies	\$ 341.32
Martin Marietta Materials	Street	Supplies	\$ 3,484.30
Maxim Advertising	Administration	Supplies	\$ 75.00
Mediacom	Golf/Administration	Service	\$ 169.10
Menards-Altoona	Parks	Supplies	\$ 471.98
MercyOne DSM Medical Ctr-Financial Ops	Fire	Supplies	\$ 368.61
Metro Waste Authority	Street	Service	\$ 303.76
MG Laundry Corporation	City Center/Fire	Service	\$ 111.60
Midwest Turf Support	Golf	Supplies	\$ 1,060.00
MTI Distributing Inc	Parks	Supplies	\$ 619.50
Municipal Collections of America Inc	Fire	Service	\$ 71.88
Murphy Tractor & Equipment	Landfill	Supplies	\$ 706.68
NAPA Auto Parts	All	Supplies	\$ 1,890.97
News Printing Company	All	Supplies	\$ 3,547.46
Newton Development Corp	All	Service	\$ 25,000.00
Newton Housing Development Corporation	Fairmeadows N TIF	Funding	\$ 9,000.00
O'Halloran International	Landfill	Supplies	\$ 232.88
On-Target Solutions Group Inc	Police	Training	\$ 275.00
O'Reilly Auto Parts	All	Supplies	\$ 910.20
Owen, Tanner	Fire	Reimbursement	\$ 25.00
Page Wolfberg & Wirth LLC	Fire	Service	\$ 410.00
Parkview Animal Hospital	Animal Control	Service	\$ 1,216.66

Per Mar Security Services	Landfill	Service	\$ 433.17
Pitney Bowes	All	Service	\$ 446.48
Pittman, Keith	Police	Training	\$ 12.31
Preferred Pest Control Inc	Library	Service	\$ 350.00
Premier Office Equipment	Finance	Service	\$ 60.34
Quill Corporation	All	Supplies	\$ 423.85
Riggs Printing Inc	Fire	Service	\$ 370.00
Secretary of State	Fire	Service	\$ 30.00
Security Equipment Inc	Library	Equipment	\$ 372.00
Shill, Sam & Taylor	Private Incentives	Incent	\$ 10,000.00
Sign Pro	Police	Service	\$ 100.00
SirsiDynix	Library	Technology Services	\$ 41,771.67
Smith Quality Rental	Fire	Merchandise	\$ 7.97
Spahn & Rose Lumber Co	All	Credit	\$ 1,436.74
Springer Professional Home Services	Golf	Service	\$ 41.00
Sprout Learning	Library	Books	\$ 276.00
Strauss Security Solutions	Police	Service	\$ 100.00
Streichers	Police	Equipment	\$ 20.00
Terminal Supply Company	City Garage	Supplies	\$ 119.06
Theisen's	All	Supplies	\$ 1,165.45
Theisen's Grinnell	All	Supplies	\$ 219.98
Theisen's Marshalltown	All	Supplies	\$ 686.12
thyssenkrupp Elevator Corporation	City Center	Service	\$ 295.00
Town & Country Wholesale Co	Golf	Concessions	\$ 611.21
Townsend Crane Service	Water Pollution Control	Service	\$ 640.00
Truck Equipment	Street Cleaning	Supplies	\$ 789.95
True Value Hardware	All	Supplies	\$ 819.16
Turfwerks	Parks	Supplies	\$ 100.23
Two Rivers Cooperative	Golf	Fuel	\$ 2,330.07
Unique Management Services	Library	Collections	\$ 50.00
USABlueBook	Water Pollution Control	Supplies	\$ 157.26
Utility Equipment Co	Water Pollution Control	Supplies	\$ 304.20
Van Manen, Todd	Fire	Service	\$ 25.00
Van Wall Equipment	Landfill	Supplies	\$ 359.08
Versteegh Sewer & Drain	Fire	Service	\$ 110.00
Wal-Mart	All	Supplies	\$ 305.20
Walsh Door & Hardware	Police	Service	\$ 499.99
Warnick & Reeves Mechanical	All	Service	\$ 3,128.82
Water Department	All	Utility	\$ 414.32
Windstream	City Center	Utility	\$ 38.69
Wood Roofing	Library	Service	\$ 570.00
Zimco Supply Company	Golf	Supplies	\$ 288.00
Zoll	Fire	Supplies	\$ 1,907.00

TOTAL: **\$ 315,241.57**

Pre-Authorized Payments

Alliant Energy	All	Utility	\$ 51,158.59
AT&T Mobility	Landfill	Utility	\$ 1,069.18
Black Hills Energy	All	Utility	\$ 9,078.29
Caldwell Brierly & Chalupa Trust	D&D	Property Acqu	\$ 14,074.50
Catalyst Development Newton LLC	N Central TIF General	Reimbursement	\$ 10,000.00
Cindy Rogers-Sell	N Central Capital	Grant	\$ 5,000.00
DISH	Airport	Utility	\$ 137.05
Doll Distributing	Golf	Concessions	\$ 722.38
J&M Displays	Parks	Fireworks	\$ 9,925.00
Joe Hindman	Parks	Tree Removal	\$ 8,634.85
McAninch Corporation	Fairmeadows N Capital	Retainage	\$ 64,773.14
Mediacom	Administration/Golf	Utility	\$ 396.85
Newton Main Street	SSMID	Reimbursement	\$ 3,790.00
United States Cellular	All	Utility	\$ 1,717.62
Verizon	Police/Fire	Utility	\$ 50.03
Water Department	All	Utility	\$ 212.35
Windstream	All	Utility	\$ 1,077.63
Total			\$ 181,817.46

ACH Payments from Great Southern Bank

Advantage Credit Union	All	Insurance	\$ 16,335.00
Bank Iowa	All	Insurance	\$ 7,095.00
Delta Dental	All	Insurance	\$ 10,471.48
Great Southern Bank	All	Insurance	\$ 330.00
Mutual of Omaha	All	Insurance	\$ 4,204.01
Payroll 3-15-21	All	Payroll	\$ 398,225.59
State Of Iowa	Golf/Park/WPC	Sales Tax	\$ 1,400.00
State Of Iowa GEMT	Fire	GEMT Payment	\$ 5,649.44
Wellmark	All	Insurance	\$ 173,664.71
Total			\$ 617,375.23

City of Newton Council Report

**Item:**

Resolution adopting the FY22 through FY26 Capital Improvement Plan (CIP).

Report Number: 21-089

Date:

April 5, 2021

Summary:

This resolution approves the FY22 through FY26 CIP, which is a 5-year plan detailing funding sources and expenditures for proposed project construction and equipment purchases throughout all City departments and divisions.

Lead Department:

Community Services

Recommendation:

Approve

Financial Impact: none

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 recently approved FY22 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 earlier in the budget process; and only several minor revisions have been made since that initial presentation.

Recommendation:

Staff recommends approval of the resolution adopting the FY22 through FY26 Capital Improvement Plan (CIP).

Matt Muckler
City Administrator

RESOLUTION NO. 2021 – _____

**RESOLUTION ADOPTING THE FY22 THROUGH 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

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

WHEREAS, the proposed project and equipment purchases included in the first year (FY22) of the CIP align with the proposed FY22 City budget; and

WHEREAS, Staff recommends approval of the resolution adopting the FY22 through FY26 Capital Improvement Plan (CIP).

NOW, THEREFORE, BE IT RESOLVED, by the City Council of Newton, Iowa, that the FY22 through FY26 Capital Improvement Plan (CIP) in the amount of \$42,419,600 is hereby adopted as a guide for planning and funding the City's future capital improvements projects subject to annual review and revisions.

PASSED this _____ day of April, 2021.

APPROVED this _____ day of April, 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report

Item: An ordinance amending and updating The Code of Ordinances, City of Newton, Iowa, Title XV: Land Usage, Chapter 158: Zoning, I-L: Light Industrial.

Summary: The Planning and Zoning Commission reviewed and recommended approval of general retail sales as a conditional use within the I-L: Light Industrial Zoning District.

Financial Impact: None.



Report Number: 21-090

Date: April 5, 2021

Lead Department: Community Development

Recommendation:
Approve

Proposal: To amend the Newton Zoning Code to allow for general retail sales as a conditional use within the I-L: Light Industrial Zoning District. This Zoning Code Amendment will remove specific stipulations that currently exist for retail sales within the I-L District, including the requirement for retail sales being a secondary use to a permitted use of the property and that it constitutes less than 50% of the facility's business.

Analysis: Zoning is a key tool used to separate uses thought to be incompatible and to promote the health, safety, and welfare of residents within a community. The intent of the I-L: Light Industrial District "is a low impact industrial, business, and research area set aside for the location of enterprises that have negligible environmental impacts beyond their property limits." The proposed code amendment would allow general retail to be the primary use of any property within an I-L District, if a conditional use permit is approved by the Newton Zoning Board of Adjustment.

The placement of general retail sales under "conditional uses" would allow for the Zoning Board of Adjustment to evaluate certain criteria specific to a given property. The added review process by the Newton Zoning Board of Adjustment will also help to ensure the retail use is compatible with its surrounding neighborhood by notifying nearby property owners of the proposed change in use to said given property.

P&Z Commission Review: At their meeting on March 16, 2021, the Planning and Zoning Commission unanimously recommended approval of the proposed zoning text amendment to list general retail sales as a conditional use in the I-L: Light Industrial District.

Recommendation: City Staff recommends approval of the resolution.

A handwritten signature in black ink, appearing to read "Matt Muckler".

Matt Muckler
City Administrator

ORDINANCE NO. _____

**ORDINANCE AMENDING AND UPDATING THE CODE OF ORDINANCES,
CITY OF NEWTON, IOWA TITLE XV: LAND USAGE, CHAPTER 158: ZONING,
TO LIST GENERAL RETAIL SALES WITHIN THE I-L: LIGHT INDUSTRIAL
DISTRICT LIST OF CONDITIONAL USES.**

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NEWTON DOES ORDAIN AS FOLLOWS:

Section 1. The Code of Ordinances, City of Newton, Iowa, Title XV: LAND USAGE, Chapter 158: ZONING, is hereby amended by adding or ~~deleting~~ the following:

158.028 I-L: LIGHT INDUSTRIAL.

...

(D) *Conditional uses.* The following uses may be allowed in the I-L: Light Industrial District upon approval of a conditional use permit by the Zoning Board of Adjustment.

...

~~(4) Retail sales as a secondary use to a permitted use of the property provided it constitutes less than 50% of the facility's business;~~

(4) General retail sales;

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

City of Newton Council Report

Item: An ordinance vacating and disposing of a portion of north-south alley right-of-way located in the 200 block of South 5th Avenue East between East 2nd Street South and East 3rd Street South, located in the City of Newton, Jasper County, Iowa

Summary: The proposal is to vacate a portion of the alley and attach it to two abutting properties.

Financial Impact: No Cost.



Report Number: 21-091

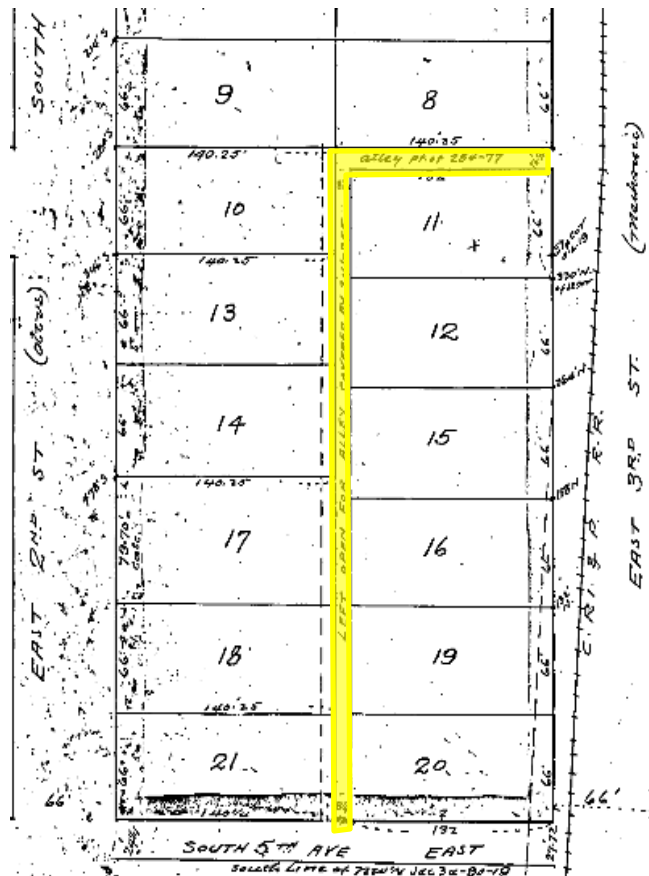
Date: April 5, 2021

Lead Department:
Community Development
Department

Recommendation:
Approve

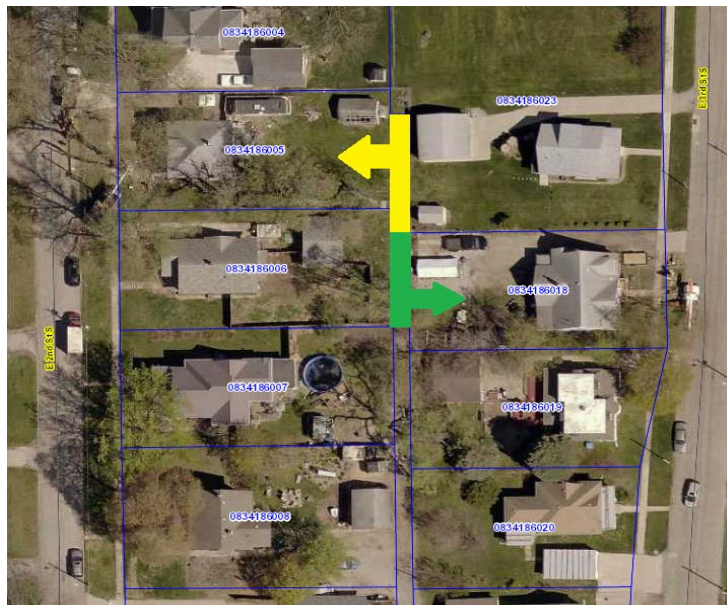
Summary: The proposal is to vacate a northern portion of the North-South alley in the 200 block of South 5th Avenue East. Said alley lies between East 2nd Street South and East 3rd Street South. The portion of the alley to be vacated serves no public purpose, as none of the four abutting properties use the alley for access.

The alley was originally platted to provide rear access to the abutting properties and extended eastward to connect out to East 3rd Street South. This is shown on the plat below, and noted with yellow highlighting. That east-west portion of the alley was vacated and attached to Lots 8 and 11 (the northeast property). Vacating this portion of the alley and attaching the full width to the adjacent properties will not pose a circulation problem for the block or neighborhood.



Planning and Zoning Commission: At their meeting on January 19, 2021, the Planning and Zoning Commission unanimously approved a motion that recommended approval of the alley vacation.

Based on later communications received from the abutting property owners after that meeting, City Staff adjusted the proposed assignment of the vacated alley. William Brain at 329 East 3rd Street South did not wish to accept the additional property. Brenda Nimmo at 328 East 2nd Street South (Brain's neighbor to the rear) agreed to accept the full width. Carrol and Sharolyn Wheatcraft, 405 East 3rd Street South agree to accept the full width of the alley. The Planning & Zoning Commission reviewed and unanimously approved the updated recommendation at their meeting held on March 16, 2021.



Notice of Proposal: City staff personally visited properties in the neighborhood in advance of preparing the information for Planning and Zoning's consideration. The abutting property owners received a letter notification via USPS mail in advance of the Planning and Zoning Commission meeting held on January 19, 2021 and the City Council meeting on April 5, 2021. Notice was also published in the Newton Daily News in advance of the Planning and Zoning Commission meetings on January 19th and on March 16th as well as in advance of the April 5th City Council meeting.

Recommendation: Staff recommends approval.

Will Studd

Matt Muckler
City Administrator

Prepared by: City of Newton, 101 W 4th St S, Newton, Iowa 50208-0339, 641-792-2787
Return to: City Clerk, 101 W 4th St S, Newton, Iowa 50208-0339, 641-792-2787
Address Tax Statements to:
Brenda L. Nimmo, 328 East 2nd Street South, Newton, Iowa 50208
Carrol W. and Sharolyn K. Wheatcraft, 405 East 3rd Street South, Newton, Iowa 50208

ORDINANCE NO. _____

AN ORDINANCE VACATING AND DISPOSING OF A PORTION OF NORTH-SOUTH ALLEY RIGHT-OF-WAY LOCATED IN THE 200 BLOCK OF SOUTH 5TH AVENUE EAST BETWEEN EAST 2ND STREET SOUTH AND EAST 3RD STREET SOUTH, LOCATED IN THE CITY OF NEWTON, JASPER COUNTY, IOWA

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

Section 1. Disposal of Real Estate. Following public hearing and having given careful study to the proposal, the City Council determines that city-owned right-of-way described as follows:

The north-to-south alley right-of-way adjacent to, and to the west of:

LOT ELEVEN OF THE SUBDIVISION OF OUT LOT NINETEEN OF THE ORIGINAL TOWN, NOW CITY OF NEWTON, JASPER COUNTY, IOWA, AS SHOWN BY PLAT RECORDED IN PLAT BOOK B PAGE 255 OF THE RECORDS IN THE OFFICE OF THE RECORDER OF JASPER COUNTY, IOWA; and

The north-to-south alley right-of-way adjacent to, and to the east of:

LOT THIRTEEN IN THE SUBDIVISION OF OUTLOT NINETEEN IN THE CITY OF NEWTON, JASPER COUNTY, IOWA, (NOW SHOWN IN PLAT CABINET B, AT PAGE 255) IN THE OFFICE OF THE RECORDER OF SAID COUNTY.

is of no benefit to the public and should be vacated and conveyed by the City of Newton, Iowa under authority of Iowa Code § 354.23.

Section 2. Real Estate Conveyed. Pursuant to Iowa Code § 354.23, the City Council declares the City right-of-way described in Section 1 above is hereby vacated, conveyed, and quitclaimed as follows:

Brenda Nimmo (328 East 2nd Street South, Newton, Iowa 50208): The north portion of the vacated north-to-south alley right-of-way adjacent to, and to the west of Lot 11 of the Subdivision of OutLot 19 of Original Newton, City of Newton, Jasper County, Iowa;

Carroll W. and Sharolyn K. Wheatcraft, husband and wife, (405 East 3rd Street South, Newton, Iowa 50208): A portion of the vacated north-to-south alley right-of-way adjacent to, and to the west of Lot 12, but not north of the north line of Lot 12 nor south of the south line of Lot 13, of the Subdivision of OutLot 19 of Original Newton, City of Newton, Jasper County, Iowa.

Section 3. Recording. The City Clerk is directed to deliver this ordinance to the County Recorder according to Iowa Code § 354.23. This writing is exempt from transfer tax fees pursuant to Iowa Code § 428A.2(6).

Section 4. Exemption. This writing is exempt from transfer tax fees pursuant to Iowa Code § 428A.2(6).

Section 5. Repealer Clause. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 6. 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 7. Effective. This ordinance shall be effective from and after the final passage, approval and publication as provided by law.

PASSED this ____ day of May 2021

APPROVED this ____ day of May 2021

(SEAL)

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis , City Clerk

First Consideration: _____
Public Hearing: _____
Second Consideration: _____
Third Consideration: _____

I, Katrina Davis, City Clerk of the City of Newton, Iowa, do hereby certify that the forgoing 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

STATE OF IOWA)
) SS
COUNTY OF JASPER)

On this ____ day of _____, 2021 before me, the undersigned, a Notary Public in and for the County of Jasper, personally appeared Michael L. Hansen and Katrina Davis, to me personally known, who being by me sworn, did say that they are the Mayor and City Clerk, respectively, of the City of Newton, Iowa; that the seal affixed hereto is the seal of said Municipal Corporation; that said instrument was signed and sealed on behalf of said City of Newton, Iowa, by authority of the City Council; and that said Michael L. Hansen and Katrina Davis, as such officers, acknowledged the execution of said instrument to be their voluntary act and deed and the voluntary act and deed of the corporation, by it and by them voluntarily executed.

Notary Public in and for the State of Iowa

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 approving an agreement with United Public Safety for parking enforcement software and services

Summary: Update parking software to meet current needs within the Police Department

Financial Impact: \$5739 from FY21 Police Department general fund budget and \$3828 annually from Police Department general fund budget beginning in FY22.



Report Number: 21-092

Date: April 5, 2021

Lead Department: Police Department

Recommendation:
Approve

Background: The Police Department entered into an agreement with a vendor in 2019 to update their parking software. Covid-19 impacted that vendor's business and they ultimately were not able to fulfill the terms of the agreement and the new system was not implemented.

The current system was purchased in the mid-2000s and much of the operation relies on manual entries and processes in order to make the best use of it. There have also been significant malfunctions in the system causing delays in processing tickets and receiving payments from citizens. The current systems annual licensing fee is \$2400.

The Police Department researched several vendors and received one proposal from United Public Safety of Fort Washington, PA that met all of the department's requirements. The proposal includes one-time set up and hardware fees of \$5,739 and an annual licensing fee of \$3,828.

The United Public Safety system is automated with tickets being issued from a handheld device with the ticket data stored in a cloud server. Violators will be able to pay parking tickets online through United Public Safety online software system for a small processing fee. Residents will still have the option of paying their ticket at the Police Department.

United Public Safety's proposal also includes late notice processing services at a cost \$.25 per notice plus postage. On average the Police Department issues 400-500 late notices to violators per year, making the cost for the late notice processing services \$125 per year. The late notice processing fees are an additional expense outside of the 3-year agreement.

Although the cost of the new system is higher than the current system, there would be a savings of over 300 hours or \$6900 annually in staff time processing parking violations and late notices.

The \$5739 set up and hardware cost will be funded through the Police Department's FY21 animal control budget and the \$3828 annual licensing fee will be funded through the Police Department's general fund starting in FY22.

RECOMMENDATION

City Staff recommends the approval of the service agreement with United Public Safety of Fort Washington, PA for parking enforcement software and services for a 3-year period.

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

Attachments

RESOLUTION NO. 2021-_____

**RESOLUTION APPROVING AN AGREEMENT WITH UNITED PUBLIC SAFETY FOR
PARKING ENFORCEMENT SOFTWARE AND SERVICES**

WHEREAS, the Police Department's current parking enforcement software is outdated and does not currently meet their needs for efficient operations; and

WHEREAS, Police staff researched several parking enforcement vendors and received one proposal that met the departments requirements; and

WHEREAS, United Public Safety proposed a 3-year parking enforcement software agreement consisting of \$5739 in hardware and set up fees and a \$3828 annual licensing fee; and

WHEREAS, the proposed parking enforcement software and services would save considerable staff time annually and provide a more convenient way for residents to pay tickets; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Newton, Iowa, the attached parking enforcement software and services agreement with United Public Safety for a 3-year period is hereby approved.

PASSED this _____ day of April 2021.

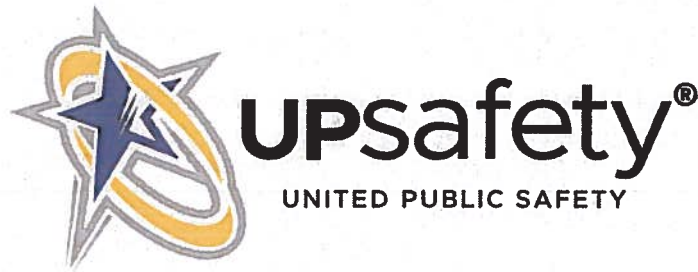
APPROVED this _____ day of April 2021.

(SEAL)

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk



SOFTWARE LICENSE AND SERVICE AGREEMENT

The following terms, including the terms and conditions found in all Exhibits (the "Agreement"), represent the full understanding of United Public Safety, Inc. ("UPsafety") and the Party named below ("Client"), the "Parties" and each individually a "Party". In exchange for the mutual covenants herein and other good and valuable consideration, the Parties agree and intend to be bound as follows:

I. General Terms

United Public Safety will provide services (the "Services") and license all software, including all web and mobile applications and related documentation, (the "Software") necessary for Client to operate a Citation Management Program ("CMP") which allows Client's parking enforcement officers to issue parking citations and allows Client to accept payment for parking citations and perform citation adjudication tasks.

Exhibits A - D listed below are incorporated into and made a part of this Agreement and supersedes all prior written and oral agreements, purchase orders, proposals, representations, understandings, promises, descriptions or other communications between the Parties regarding the same. If Client submits any order form with contrary terms or conditions, such order form shall be considered only as confirmation of the order and shall in no way amend, prevail over, supplement, or supersede any of the provisions of this Agreement or any Exhibit.. In interpreting this Agreement and resolving any ambiguities, the main body of this Agreement takes precedence over the exhibits and any inconsistency between the Exhibits will be resolved in their listed order, which include:

- Exhibit A: SaaS Terms and Conditions
- Exhibit B: Agreement to Purchase / Quote
- Exhibit C: Warranty Information
- Exhibit D- Scope of Work

II. Term and Termination

The Term and Conditions of the Agreement will remain in effect for a period of THREE (3) years from the later of (a) the date on which UPsafety signs this Agreement or (b) the date on which the Software is deployed to Client (the "Effective Date"). On the third anniversary of the Effective Date, and on each anniversary date thereafter, this Agreement will automatically renew for a one-year period upon the same terms and conditions. If either the Client or UPsafety does not wish for any such renewal, a Party must notify the other party in writing of its intention not to renew no later than sixty (60) days prior to any such anniversary date, in which case this Agreement shall terminate on such anniversary date.

If handheld and training costs have been paid in full, either Party may terminate this Agreement for convenience with sixty (60) days' written notice, or terminate for cause with immediate effect in the event that a Party provides written notice to the other Party of a material breach and the breaching Party fails to cure the breach within fifteen (15) days after receiving written notice of the breach from the non-breaching Party. In the event this Agreement is terminated for

convenience, the terminating Party will be responsible for providing all services and/or paying all fees described herein that are incurred before the date of termination. In the event the Provider terminates this Agreement for cause UPSafety shall not be entitled to receive any further payment under this Agreement after the termination date set forth in the notice.

III. CityCite™ Platform Component Terms

UPSafety will provide the service, or services as specified in Exhibit B: Agreement to Purchase in conformance with the following Terms:

I. Physical Equipment

UPSafety will supply hardware to Client in the models and quantities set forth in the attached Agreement to Purchase, under the warranty terms attached in Exhibit C: Warranty Information.

All equipment provided by UPSafety under this Agreement will be standard new and unused equipment of the latest model available. Where any standard part or accessory of such equipment is not described, it shall be understood that all equipment and accessories that are provided standard with such equipment shall be furnished.

Client acknowledges that, if the equipment has not been purchased outright by the Client, that the equipment is the property of UPSafety, and Client agrees to exercise reasonable care of said equipment while in its possession.

Leased equipment that becomes lost or stolen will be the sole responsibility of the Client, and will be billed to the Client at current price or price defined in Exhibit B – Agreement to Purchase. If the exact equipment is not available, UP Safety will provide a similar unit that is compatible with solution at current price.

II. Data Plans

UPSafety will provide a Data Plan for each device requiring one, allowing unlimited data usage for the handheld devices covered by these plans, for the pricing laid out in Exhibit B: Agreement to Purchase. UPSafety expressly disclaims all warranties as to the network's reliability, fitness for a particular purpose or uptime.

III. Paper and Physical Consumables

Paper, Permits and other Physical Consumables will be provided in the configurations and quantities identified in the attached Agreement to Purchase. Additional paper can be purchased for the same terms for up to (1) year from this Agreements Effective Date, after which paper can be purchased at UPSafety's then current price list.

If Client orders custom printer paper not quoted in the attached Agreement to Purchase, UPSafety will provide a separate Agreement to Purchase to Client detailing costs.

IV. Public Citation Management Portal

UPSafety will provide an online payment portal and an interactive voice recognition (IVR) system through which patrons may view, pay and dispute outstanding parking citations, as well as view, purchase and apply for permits.

V. Automated Notice Generation, Owner Lookups & Collections

UPSafety will prepare all Delinquent Notices and Notice of Violations for outstanding tickets issued to vehicles bearing State of Iowa plates and Out-of-State plates (to the extent allowed by each State's DMV) to the last known registered owner(s). State agency approval will also be obtained where applicable with assistance from the Client. Such notices shall comply with state rules and regulations in all material respects.

If authorized by Client, citations which remain unpaid may be submitted to the applicable Courts for escalation, and/or submitted to a collections agency to initiate a further collections process.

VI. Custom Software Development

Upon the request of the Client and the receipt by UPSafety of a signed purchase order, UPSafety may perform custom software development to customize the CityCite™, CodeCite™ or ForCite™ platforms to meet the Client's needs. Work will be performed in accordance with an issued Statement of Work ("SOW"), and will be performed in a professional and workmanlike manner in accordance with recognized industry standards and other specifications as outlined in the project specific SOW. All development is owned exclusively by UPSafety unless client ownership is explicitly defined in the SOW.

VII. Support & Issue Resolution

Through the life of the Contract, UPSafety will provide online, telephone and e-mail support to Client during the Term, providing live, direct UPSafety Product Support from 5:00 a.m. to 5 p.m. EST, Monday through Fridays, excluding holidays. Additionally, Email and Voice Mail will be made available 24/7 and a reply will be generated by UPSafety initiating the Support call within 1 hour.

UPSafety Product Support will assist Clients in communications relating to, but not limited to:

- Recommendations for optimal use of CMP
- Problems with or questions pertaining to the operation of CMP
- Problems with interfaces between CMP & other systems
- Error messages from CMP
- Printing issues related to CMP Mobile Software
- Questions about CMP customizable reporting tool

VIII. Shipping Costs

Client will be responsible all shipping costs to its facility incurred by UPSafety for the shipment of Paper, Equipment, Permits and all other physical components required to operate the CMP.

IX. Out of Scope Services

Additional services requested by the Client that are not described in this Agreement must be submitted in writing by the Client. UPSafety will prepare a separate statement of work along with a detailed cost estimate to be approved in writing by the Client prior to the implementation of said changes or additions. This includes, but is not limited to, requests for additional equipment, installation of additional sessions, Client requested software modifications and/ or relocation of equipment.

X. Service Level Agreement for Cloud Services

UPSafety will provide the software with uptime of at least ninety-nine point nine percent (99.9%) calculated over a rolling six-month period ("uptime guarantee"). For any month during which system uptime drops below the uptime guarantee, UPSafety will provide a billing credit in an amount equal to: the percentage difference between a) the lowest uptime reached at any point during the month (calculated on a rolling six-month period) and b) the uptime guarantee multiplied by the total fees payable to UPSafety for such month. For example, if during a given month the software uptime fell as low as ninety-five percent (95%) and during that month, the fees payable to UPSafety were one hundred dollars (\$100.00), UPSafety would issue a billing credit of four dollars and ninety cents (\$4.90). For the purposes of this agreement, uptime is defined as any period of time during which end users of the software can use the software to: (1) pay for parking citations and permits, and (2) issue and manage parking citations and permits minus any scheduled maintenance window and any other maintenance or outage that may be required.

IV. Merchant Processing Framework

In performing UPSafety's obligations in connection with the maintenance of the Public Citation Management Portal ("PCMP"), UPSafety will serve as the merchant of record for all PCMP transactions and will supply a payment gateway for all such transactions.

Except for chargeback fees and any other transaction exception fees from UPSafety's merchant bank, UPSafety will be responsible for all merchant processing costs associated with citation payments made online through the payment portal provided by UPSafety, including, without limitation, settlement fees, payment gateway fees, and interchange reimbursement fees. Chargeback fees from UPSafety's merchant bank will be passed through directly to Client with no markup.

UPSafety will remit all fees and fines to Client, less UPSafety's per transaction fees, refunded transactions and associated fees, merchant processing fees and chargeback and refund fees as applicable based on the pricing set forth in Exhibit B: Agreement to Purchase.

V. Fees

Client agrees to the fee schedule outlined within Exhibit B: Agreement to Purchase. Invoices will be submitted on a monthly basis, payable within thirty (30) days upon receipt.

Fees may increase after the initial term at every term renewal as set forth in the quote as. If not defined in the quote, renewals may increase by an amount not to exceed the Consumer Price Index ("CPI").

VI. Payment

Payment for Software Licensing, Data Plans and CiteGuardPlus™ Warranties are invoiced one (1) year in advance. Payment for purchased Hardware and CiteGuard™ warranties are due prior to installation. If handheld and other upfront costs have been amortized over a three-year term, the lump sum payment outlined in the attached Agreement to Purchase will be invoiced one year in advance.

Payments for any Revenue Share, Owner Lookups, Data Entry, Automated Notices and Call Center Support, as applicable, are invoiced monthly on an as-used basis conformant to the Agreement to Purchase or other Appendices.

UPSafety shall keep accurate records of all services performed under this agreement and shall submit such information to the Client with each invoice. Any payment for goods or services provided under this agreement shall be made to UPSafety not more than thirty (30) days after receipt of an invoice and acceptance of the goods or services by the Client.

VII. Signatures

This Software License and Service Agreement ("Agreement") is entered into, as of the Effective Date, between United Public Safety, Inc. and the Client named below. This Agreement includes and incorporates the terms and conditions found in this document and the Standard Terms and Conditions found in Exhibit A, and the terms and conditions found in Exhibits B through C, which are attached hereto and incorporated herein by reference. There shall be no force or effect to any different terms of any related purchase order or similar form even if signed by the parties after the date hereof.

SIGNATURE PAGE TO FOLLOW

Agreed and Accepted:

United Public Safety, Inc.

City of Newton, Iowa

By

By

Name

Name

Title

Title

Date

Date



**Downtown Façade Grant Program Agreement
Between City of Newton and Dr. Gregory J. Bruns, DDS**

This Agreement made and entered into this _____ day of _____ 2021 by and between the City of Newton, Iowa, hereinafter called "City" and Dr. Gregory J. Bruns, DDS, 112 1st Avenue East Newton, Iowa, hereinafter called "Applicant."

WHEREAS, the Applicant submitted an application to receive Downtown Façade Grants in the Historic Façade Renovation Program Area for property located at 112 1st Avenue East; and

WHEREAS, the Downtown Grant Review Board unanimously approved the application;

NOW, THEREFORE BE IT UNDERSTOOD AND AGREED:

- 1.) The Applicant will receive **up to \$2,800.00** in grant funds for the 9 replacement double hung replacement windows (white framing, wood composite material), at 112 1st Avenue East.
- 2.) All work shall be completed before April 5, 2021. Any required City of Newton Permits will be obtained by the applicant.
- 3.) The City of Newton will provide the grant funding as a reimbursement of completed work.
 - a. Copies of all receipts for each project area shall be submitted to the City of Newton Community Development Department, 403 West 4th ST N Suite 501, Newton, Iowa 50208 or via email to erinc@newtongov.org for administrative verification of expenditures and applicant match.
- 4.) The applicant will match provide a 1:1 match to the grant funds for each program area.

5.) The City will make timely payment of grant funds upon completion of the project and verification of project expenses.

Applicant:

Gregory J. Bruns, DDS
Owner

Date

For City of Newton:

Michael L. Hansen, Mayor

Date

City of Newton Council Report

Item: Resolution approving the granting of Downtown Improvement Grant Funds for 112 First Avenue East

Summary: The Downtown Improvement Grant Program provides assistance for small rehabilitation or renovation projects in the Downtown. Dr. Bruns is improving the façade of his building at 112 1st AVE E with new double hung windows in the second story.

Financial Impact: \$2,800.00, 1:1 Match is required.



Report Number: 21-093

Date: April 5, 2021

Lead Department: Community Development

Recommendation:
Approve

Applicant: Dr. Gregory Bruns, 112 1st Avenue East Building Owner

Proposal: To replace windows in the second story of the building 1st 112 First Avenue East, Newton.

The subject building is a contributing structure to the Downtown Historic District and retains a high level of historic character.

This property received grant money in 2016 for some façade renovation, new awnings, and painting. The previous project did not exhaust the threshold for the Historic Façade Renovation project area, thus the Council can consider this 2021 application. Of the allowable \$5,000 threshold, Mr. Bruns has utilized only \$500.00, which leaves adequate funds in Historic Façade Renovation grant area available for this project.

The request is for assistance with 9 replacement double pane windows. The existing window opening sizes are to be preserved. The window framing is white and the material is a wood-type composite.

Project Alignment with Downtown Design Guidelines: The Downtown District Design Guidelines provide guidance on window replacements. For the most part, dark framing on windows for downtown buildings is recommended, unless the history of the building suggests otherwise. In addition, window style, size, and location should be preserved.

The proposal from Dr. Bruns includes double hung windows, aligned with the design of the windows historically. The windows being replaced are not the original window per the Downtown Site Inventory Form prepared by the Newton Historic Preservation Commission.

The proposal is for white framing on the new second-story windows. Even though this, at first, seems out of alignment with the design guidelines, it is important to note that a building's unique history and style must first supersede the design guidelines. The building is an irregular downtown building as compared to others immediately surrounding the square, thus strict adherence to the recommendation that window framing be dark colored (black or oil-rubbed bronze) is not appropriate. White, double hung windows better align with the building's historic style and appearance.

Downtown Grant Review Board: At their meeting on March 24, 2021, the Downtown Grant Review Board unanimously recommended the approval of the project providing for a total grant not exceeding \$2,800.00 provided the 1:1 match is met.

Recommendation: City Staff recommends approval of the resolution, which follows the recommendation of the Downtown Grant Review Board.

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

RESOLUTION NO. 2021– _____

**RESOLUTION APPROVING THE GRANTING OF
DOWNTOWN IMPROVEMENT GRANT FUNDS FOR 112 FIRST
AVENUE EAST**

WHEREAS, *Newton's Future* recognizes the role of the Downtown as the heart of the community and recommends a focus on curb appeal and community aesthetics; and

WHEREAS, funds bonded in 2019 were set aside for the purpose of downtown improvements serve as the funding source for the grant program; and

WHEREAS, Dr. Gregory J. Bruns submitted an application requesting funds for 112 1st Avenue East from the Downtown Improvement Grant Program; and

WHEREAS, The Downtown Grant Review Board reviewed the application on March 24, 2021 and unanimously approved a motion recommending funds be granted to Dr. Gregory J. Bruns for 112 1st Avenue East in an amount up to \$2,800.00, provided a 1:1 match is met;

NOW THEREFORE, BE IT RESOLVED by the City Council of Newton, Iowa, that the Downtown Improvement Grant Funds be provided to Dr. Gregory J. Bruns for 112 1st Avenue East second story replacement windows.

BE IT FURTHER RESOLVED by the City Council of Newton, Iowa:
That the City shall obtain the signatures on the Downtown Improvement Grant Program Agreement.

PASSED this _____ day of April 2021.

APPROVED this _____ day of April 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk



**Downtown Façade Grant Program Agreement
Between City of Newton and CRH Properties, LLC**

This Agreement made and entered into this _____ day of _____ 2021 by and between the City of Newton, Iowa, hereinafter called “City” and CRH Properties, LLC, 117 1st Avenue West, Newton, Iowa, hereinafter called “Applicant.”

WHEREAS, the Applicant submitted an application to receive Downtown Façade Grant Funds in the Signage, Awning Removal, and Paint Program Areas for property located 117 1st Avenue West; and

WHEREAS, the Downtown Grant Review Board unanimously approved the application;

NOW, THEREFORE BE IT UNDERSTOOD AND AGREED:

- 1.) The Applicant will receive **up to a total of \$1,510.00** in grant funds for new signage including fabricated signage and vinyl lettering, awning removal, and painting at 117 1st Avenue West.
- 2.) All work shall be completed before April 5, 2021. Any required City of Newton Permits will be obtained by the applicant or applicant's contractor.
- 3.) The City of Newton will provide the grant funding as a reimbursement of completed work.
 - a. Copies of all receipts for each project area shall be submitted to the City of Newton Community Development Department, 403 West 4th ST N Suite 501, Newton, Iowa 50208 or via email to erinc@newtongov.org for administrative verification of expenditures and applicant match.
- 4.) The applicant will match provide a 1:1 match to the grant funds for each program area.

5.) The City will make timely payment of grant funds upon completion of the project and verification of project expenses.

Applicant:

Laura Jochems
CRH Properties, LLC
Owner

Date

For City of Newton:

Michael L. Hansen, Mayor

Date

City of Newton Council Report

Item: Resolution approving the granting of Downtown Improvement Grant Funds for 117 1st Avenue West

Summary: The Downtown Improvement Grant Program provides assistance for small rehabilitation or renovation projects in the Downtown. CRH Properties is planning a multi-faceted improvement project to their new location including signage, awning removal and painting.

Financial Impact: \$1,510.00, 1:1 Match is required.



Report Number: 21-094

Date: April 5, 2021

Lead Department: Community Development

Recommendation:
Approve

Applicant: CRH Properties, Laura Jochems, Crazy Redhead Quilting, 117 1st Avenue West Building Owner

Proposal: To remove the existing awning, add new signage with decorative quilt elements, and painting.

Project Alignment with Downtown Design Guidelines: Main Street Iowa conducted a design visit on February 19, 2021. Renderings prepared by Main Street Iowa align with the City's Downtown Design Guidelines and Secretary of Interior's Standards for Rehabilitation.

It is notable that the existing awning is being removed and no new awning is proposed. In looking at historic photographs, this is a more appropriate façade treatment than replacing the awning. Historically, north facing buildings, typically, did not feature awnings to allow for better light and solar gain.

The scope of work includes new signage to be installed above the storefront, including decorative quilt block designs in the area of the awning. This area will also be painted. The paint color palette aligns with the Downtown District Design guidelines.

Downtown Grant Review Board: At their meeting on March 24, 2021, the Downtown Grant Review Board unanimously recommended the approval of the project providing for a total grant not exceeding \$1,510.00 provided the 1:1 match is met for each program area.

Recommendation: City Staff recommends approval of the resolution, which follows the recommendation of the Downtown Grant Review Board.

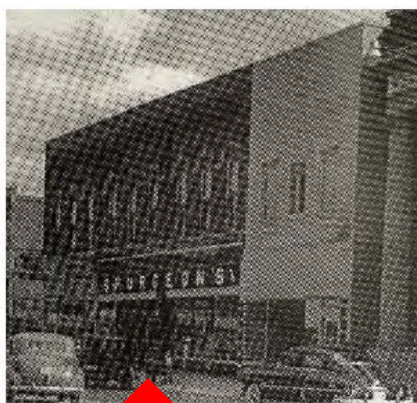
A handwritten signature in black ink, appearing to read "Matt Muckler".

Matt Muckler
City Administrator

Rendering of 117 1st AVE W by Main Street Iowa



Historic Photographs- 1948 (left) and 1980 (right)



RESOLUTION NO. 2021– _____

**RESOLUTION APPROVING THE GRANTING OF
DOWNTOWN IMPROVEMENT GRANT FUNDS FOR 117 FIRST
AVENUE WEST**

WHEREAS, *Newton's Future* recognizes the role of the Downtown as the heart of the community and recommends a focus on curb appeal and community aesthetics; and

WHEREAS, funds bonded in 2019 were set aside for the purpose of downtown improvements serve as the funding source for the grant program; and

WHEREAS, CRH Properties, LLC submitted an application requesting funds for 117 1st Avenue West from the Downtown Improvement Program for new signage, awning removal and painting; and

WHEREAS, The Downtown Grant Review Board reviewed the application on March 24, 2021 and unanimously approved a motion recommending funds be granted to CRH Properties, LLC for 117 1st Avenue West in an amount up to \$1,510.00, provided a 1:1 match is met for each individual program area;

NOW THEREFORE, BE IT RESOLVED by the City Council of Newton, Iowa, that the Downtown Improvement Grant Funds be provided to CRH Properties, LLC for 117 1st Avenue West for new signage, awning removal, and painting.

BE IT FURTHER RESOLVED by the City Council of Newton, Iowa:
That the City shall obtain the signatures on the Downtown Improvement Grant Program Agreement.

PASSED this _____ day of April 2021.

APPROVED this _____ day of April 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk



**Downtown Façade Grant Program Agreement
Between City of Newton and Jerry Schwaller, Ex Nihilo LLC**

This Agreement made and entered into this _____ day of _____ 2021 by and between the City of Newton, Iowa, hereinafter called "City" and Ex Nihilo LLC, 115-117 West 2nd Street North, Newton, Iowa, hereinafter called "Applicant."

WHEREAS, the Applicant submitted an application to receive Downtown Façade Grant Funds in the multi-faceted façade improvement project including new signage for two storefronts, awning removal, non-historic façade removal, historic façade renovation including lighting electrical, new awnings for two storefronts, and architectural fees for property located 115-117 West 2nd Street North; and

WHEREAS, the Downtown Grant Review Board unanimously approved the application at their March 24, 2021 meeting;

NOW, THEREFORE BE IT UNDERSTOOD AND AGREED:

- 1.) The Applicant will receive **up to a total of \$15,630.00** in grant funds for the projects as listed above at 115-117 West 2nd Street North.
- 2.) All work shall be completed before April 5, 2021. Any required City of Newton Permits will be obtained by the applicant or applicant's contractor.
- 3.) The City of Newton will provide the grant funding as a reimbursement of completed work.
 - a. Copies of all receipts for each project area shall be submitted to the City of Newton Community Development Department, 403 West 4th ST N Suite 501, Newton, Iowa 50208 or via email to erinc@newtongov.org for administrative verification of expenditures and applicant match.

- 4.) The applicant will match provide a 1:1 match to the grant funds for each program area in accordance with the grant program instructions.
- 5.) The City will make timely payment of grant funds upon completion of the project and verification of project expenses.

Applicant:

Jerry Schwaller, Ex Nihilo LLC
Owner

Date

For City of Newton:

Michael L. Hansen, Mayor

Date

City of Newton Council Report

Item: Resolution approving the granting of Downtown Improvement Grant Funds for 115-117 West 2nd Street North

Summary: Jerry Schwaller, owner, plans a significant historic rehabilitation of the building at 115-117 West 2nd Street North including non-historic façade removal, historic façade renovation, signage, awnings, and assistance with architectural fees.

Financial Impact: \$15,630.00, 1:1 Match is required.



Report Number: 21-095

Date: April 5, 2021

Lead Department: Community Development

Recommendation:
Approve

Applicant: Jerry Schwaller, Ex Nihilo, LLC, property owner

Proposal: The new owner of 115-117 West 2nd Street North has already converted the first floor, former Jimmy John's space into a Northwestern Mutual Office, which was Phase One for remodeling/rehabilitation of the building. The owner is now moving forward with Phase Two of his building rehabilitation that focuses on restoring the historic façade and includes a request for assistance with architectural fees which will set the stage for Phase Three, second story housing.

The total project costs are estimated at \$40,709.24. The project is eligible for a total grant amount of \$15,630.00.

Project Alignment with Downtown Design Guidelines: The building, once a contributing structure to the downtown historic district, lost enough integrity when the gray stucco surface was applied to the building to jeopardize its contributing status. The applicant's proposal to remove that surface returns the building to an appearance where it may once again be considered contributing.

The proposed awning style aligns with the downtown design guidelines in appearance and shape. The proposed signage will be lit with gooseneck style, down-cast lighting, as recommended by the Downtown Design Guidelines.

The removal of the stucco surface and treatment of what lies underneath is considered a BIG positive step toward returning the historical integrity of the building. How well the stucco comes off during the removal process will have an impact in the final treatment of the brick that lies underneath. If the brick is not able to be left in its natural state, the applicant would consider a painting project which returns the appearance of the original brick (similar to effort at Mace Dentistry building). This may require a future grant consideration in the painting program by the City.

Finally, accessing grant funds for architectural work will result in a high-quality rehabilitation for the Phase 3 project of new upper-story apartments.

Downtown Grant Review Board: At their meeting on March 24, 2021, the Downtown Grant Review Board unanimously recommended the approval of the project providing for a total grant not exceeding \$15,630.00 provided the 1:1 match requirements for the program areas are met.

Recommendation: City Staff recommends approval of the resolution, which follows the recommendation of the Downtown Grant Review Board.



Matt Muckler
City Administrator

Pre-Renovation Building Appearance and Historic Photos- 115-117 West 2nd Street North



Rendering of the Building by Main Street Iowa



RESOLUTION NO. 2021– _____

**RESOLUTION APPROVING THE GRANTING OF
DOWNTOWN IMPROVEMENT GRANT FUNDS FOR 115-117
WEST 2ND STREET NORTH**

WHEREAS, *Newton's Future* recognizes the role of the Downtown as the heart of the community and recommends a focus on curb appeal and community aesthetics; and

WHEREAS, funds bonded in 2019 were set aside for the purpose of downtown improvements serve as the funding source for the grant program; and

WHEREAS, Jerry Schwaller, Ex Nihilo LLC, submitted an application requesting funds for 115-117 West 2nd Street North from the Downtown Improvement Program for a multi-faceted façade improvement project; and

WHEREAS, The Downtown Grant Review Board reviewed the application on March 24, 2021 and unanimously approved a motion recommending funds be granted to Jerry Schwaller, Ex Nihilo LLC, for 115-117 West 2nd Street North in an amount up to \$15,630.00, provided a 1:1 match is met for each individual program area;

NOW THEREFORE, BE IT RESOLVED by the City Council of Newton, Iowa, that the Downtown Improvement Grant Funds be provided to Jerry Schwaller, Ex Nihilo LLC, for 115-117 West 2nd Street North for a downtown façade improvement project.

BE IT FURTHER RESOLVED by the City Council of Newton, Iowa:
That the City shall obtain the signatures on the Downtown Improvement Grant Program Agreement.

PASSED this _____ day of April 2021.

APPROVED this _____ day of April 2021.

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk



Newton

D&D 2.0 Rehabilitation Grant Program Agreement Between City of Newton and Curtis Henderson

This Agreement made and entered into this _____ day of _____ 2020 by and between the City of Newton, Iowa, hereinafter called "City" and Curtis Henderson, hereinafter called "Applicant."

WHEREAS, the Applicant requested D&D 2.0 grant funds for the rehabilitation of 602 East 13th Street North, Newton; and

WHEREAS, the Building Trades Board reviewed the proposed project and work elements and recommended approval of the project at their meeting on March 24, 2021;

NOW, THEREFORE BE IT UNDERSTOOD AND AGREED:

- 1.) Grant funds in a total amount not to exceed \$46,150.00, with a 1:1 match for each program area.

A summary of work includes:

- Foundation and wall repair, including new tile and sump pump
- Drywall replacement throughout the home (moisture/mold damage identified, likely caused by excessive moisture entering home through collapsing basement walls)
- Paint
- New basement living space, including a second bath and additional bedrooms
- Kitchen remodel
- Bathroom remodel
- New windows and doors, including egress windows in the basement
- HVAC
- Plumbing work
- Electrical work
- New siding for home and detached garage
- New front porch
- Driveway replacement
- New roofing
- Tree removal

- 2.) All work shall meet the adopted codes for the City of Newton and all building permits, trades permits, and right-of-way permits shall be obtained, as required, prior to work commencing.

- 3.) Grant funds shall be provided as a reimbursement of paid costs by the applicant. Copies of invoices, receipts or other documentation showing actual paid costs shall be provided to the City of Newton, 403 W 4th ST N, Suite 501, Newton, IA 50208 for verification (or via email erinc@newtongov.org). Submitted invoices shall be organized by grant program area. One partial payment of grant funds may be made, not to exceed 50% of the project costs during the rehabilitation process. Final reimbursement can be made after verification of expenses and issuance of a Certificate of Occupancy.

4.) City will make timely payment of the grant funds upon completion of the verification process.

Applicant:

Curtis Henderson

Date

For City of Newton:

Michael L. Hansen, Mayor

Date

City of Newton Council Report

Item: Resolution approving the granting of D&D 2.0 Grant Funds for the rehabilitation of a non-historic home at 602 East 13th Street North.

Summary: Curt and Marie Henderson purchased 602 East 13th Street North from the City. They plan to rehabilitate the property to provide a high-quality, affordable home for a new buyer.

Financial Impact: Up to \$46,150.00 from the D&D Program Funds



Report Number: 21-096

Date: April 5, 2021

Lead Department: Community Development Department

Recommendation:
Approve

Project Details: Curt and Marie Henderson purchased 602 East 13th Street North from the City of Newton for \$10,000.00 earlier this year. This home was acquired by the City through the D&D program from the Florence Howell Estate for \$10,500.00. Despite having a collapsing foundation, the home was identified by staff as eligible for rehabilitation rather than demolition.

The home was built in the mid 20th century, and is located in a neighborhood where homes are well kept. The home is in proximity to Emerson Hough School and Berg Elementary & Middle School. The home currently features a 2 car detached garage. It has 2 bedrooms and 1 full bath.

Project elements include:

- Foundation and wall repair, including new tile and sump pump
- Drywall replacement throughout the home (moisture/mold damage identified, likely caused by excessive moisture entering home through collapsing basement walls)
- Paint
- New basement living space, including a second bath and additional bedrooms
- Kitchen remodel
- Bathroom remodel
- New windows and doors, including egress windows in the basement
- HVAC
- Plumbing work
- Electrical work
- New siding for home and detached garage
- New front porch
- Driveway replacement
- New roofing
- Tree removal

Total project costs are estimated at just over \$102,000.00 resulting in a 4 bedroom, two bath home.

The applicants have successfully completed a home renovation project through the D&D 2.0 program at 1711 North 4th Avenue East and have another home renovation project underway through the D&D 2.0 program at 1102 North 9th Avenue East.

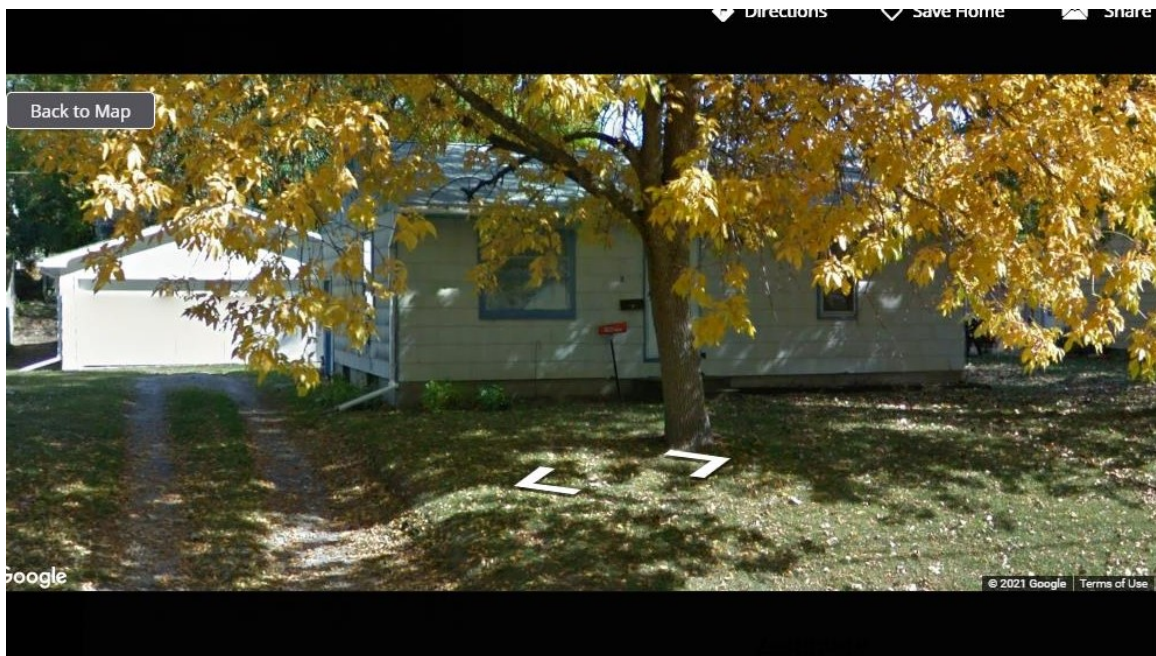
Building Trades Board Recommendation: At their meeting on March 24, 2021, the Newton Building Trades Board reviewed the proposed grant request and unanimously recommended approval of grant funds in an amount up to \$46,150.00. During their discussion, the Building Trades Board noted the comprehensive nature of the proposed work and also the quality of the previously completed projects by this applicant.

Recommendation: City Staff recommends approval of the resolution.



Matt Muckler
City Administrator

Exterior of 602 East 13th Street North



The ash tree in the front, which is now dead, will be removed. This will improve the curb appeal of the property.

Photos of the Interior of 602 East 13th Street North



Basement wall



Kitchen



Bathroom

RESOLUTION NO. 2021 – _____

**RESOLUTION APPROVING THE GRANTING OF D&D 2.0
GRANT FUNDS FOR THE REHABILITATION OF A NON-
HISTORIC HOME AT 602 EAST 13TH STREET NORTH**

WHEREAS, *Newton's Future* identifies curb appeal as a strategic objective and recommends that the City improve the quality of housing within the community; and

WHEREAS, the City of Newton established the D&D 2.0 Grant Programs to encourage private investment into the rehabilitation of at-risk properties to create clean, quality housing units throughout the community; and

WHEREAS, Curtis Henderson has applied for a D&D 2.0 Grant for the rehabilitation of 602 East 13th Street North;

WHEREAS, the Newton Building Trades Board reviewed the rehabilitation project at their March 24, 2021 meeting and unanimously recommended approval of awarding grant funds to the rehabilitation of 602 East 13th Street North;

NOW THEREFORE, BE IT RESOLVED by the City Council of Newton, Iowa, that D&D 2.0 Grant Funds in an amount up to \$46,150.00 be provided to Curtis Henderson as a reimbursement of completed work.

BE IT FURTHER RESOLVED by the City Council of Newton, Iowa that the Mayor is authorized to sign the D&D 2.0 Grant Program Agreement and the City shall obtain the signature(s) of the property owner on the D&D 2.0 Grant Program Agreement.

PASSED this _____ day of April, 2021.

APPROVED this _____ day of April, 2021

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report

Item: Resolution authorizing the filing of a 657A.10A petition for ownership of abandoned property at 1024 North 11th Avenue East, Newton.

Summary: The structure(s) at this property have been abandoned by the property owners. The 657A.10A process will allow the City to acquire the property with clean title and demolish the structure.

Financial Impact: \$3,500 to 4,500 per property in legal and court fees to be paid from the D&D Bonded Funds



Report Number: 21-097

Date: April 5, 2021

Lead Department: Community Development Department

Recommendation:
Approve

Summary: The subject property at 1024 North 11th Avenue East appears to have been abandoned by its property owner. The property has not yet been cleaned up post derecho, taxes remain unpaid, and windows are open and unsecured.

The State Code 657A.10A process allows cities to petition the court for ownership of abandoned buildings.

Funding Source: D&D Bonded Funds will be utilized to pay for the legal costs associated with acquiring the property through the process authorized by State Code 657A.10A. The home will be demolished upon award of a court title.

Recommendation: City Staff recommends approval.

A handwritten signature in black ink, appearing to read "Matt Muckler".

Matt Muckler
City Administrator

Photos of 1024 North 11th Avenue East (3/29/2021)



RESOLUTION NO. 2021 – _____

**RESOLUTION AUTHORIZING THE FILING OF A 657A.10A
PETITION FOR OWNERSHIP OF ABANDONED PROPERTY
AT 1024 N 11TH AVENUE EAST, NEWTON**

WHEREAS, the City of Newton has established a Dangerous and Dilapidated Building Program through which it acquires real estate for sale and redevelopment, and,

WHEREAS, State of Iowa Code 657A.10A allows for cities to petition for ownership of abandoned buildings, and the property at 1024 North 11th Avenue East meets the criteria of abandoned buildings;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Newton, Iowa:
That staff is directed to file a petition for the following property in accordance with State of Iowa Code 657A.10A for ownership of the abandoned building at

1024 N 11 AVE East, legally described as:

LOT 1 IN BLOCK 2 EXCEPT THE WEST 8 FEET; AND LOT 6 IN BLOCK 2 EXCEPT THE WEST 25.75 FEET OF THE SOUTH 40 FEET AND EXCEPT THE EAST 8 FEET OF THE WEST 33.75 FEET OF THE SOUTH 40 FEET AND EXCEPT THE NORTH 80 FEET; AND OUTLOT C EXCEPT THE NORTH 200 FEET; ALL IN DODGE'S SUBDIVISION, IN NEWTON, JASPER COUNTY, IOWA AS THE SAME APPEARS IN PLAT BOOK D AT PAGE 53 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PASSED this _____ day of April, 2021

APPROVED this _____ day of April, 2021

Michael L. Hansen, Mayor

ATTEST:

Katrina Davis, City Clerk

City of Newton Council Report



Item: Resolution providing for the issuance of \$2,740,000 General Obligation Corporate Purpose Bonds, Series 2021A and providing for the levy of taxes to pay the same

Summary: This action approves the issuance of the 2021A General Obligation Corporate Purpose Bonds

Financial Impact:
Approves the 2021A General Obligation Bond totaling \$2,740,000, to be paid with Debt Service Funds and Tax Increment Financing Funds

Report Number: 21-098

Date: April 5, 2021

Lead Department:
Administration

Recommendation:
Approval

Background:

The City Council Held a public hearing on March 1, 2021 in regards to the issuance of the 2021A General Obligation Bonds. The final step in the bonding process is to authorize the issuance of the bonds.

The 2021A Bond issuance includes the following projects and equipment that is consistent with the proposed CIP and FY22 adopted 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
• 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
• Gas Plant (TIF)	\$ 370,000
• 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 the approval to issue the General Obligation Bonds Series 2021A.

A handwritten signature in black ink, appearing to read "Matt Muckler". The signature is written in a cursive, flowing style.

Matt Muckler
City Administrator

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 \$2,740,000 General Obligation Corporate Purpose Bonds, Series 2021A, and \$430,000 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

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

\$2,740,000

General Obligation Corporate Purpose Bonds, Series 2021A

\$430,000

Taxable General Obligation Corporate Purpose Bonds, Series 2021B

Dated: Date of Delivery

Due: As shown on inside cover

The \$2,740,000 General Obligation Corporate Purpose Bonds, Series 2021A (the "Series 2021A Bonds"), and the \$430,000 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 15, 2021

MATURITY SCHEDULES

\$2,740,000

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	\$175,000	2.000%	0.850%	652810 D90	June 1, 2035	\$200,000	2.000%	1.670%	652810 E99
June 1, 2030	\$180,000	2.000%	1.280%	652810 E40	June 1, 2036	\$200,000	2.000%	1.730%	652810 F23
June 1, 2033	\$195,000	1.500%	1.650%	652810 E73	June 1, 2037	\$205,000	2.000%	1.820%	652810 F31
June 1, 2034	\$195,000	2.000%	1.630%	652810 E81					

\$355,000 2.000% Term Bond due June 1, 2029, Yield 1.090%, CUSIP* 652810 E32

\$375,000 1.500% Term Bond due June 1, 2032, Yield 1.500%, CUSIP* 652810 E65

\$660,000 3.000% Term Bond due June 1, 2040, Yield 1.700%, CUSIP* 652810 F56

\$430,000

City of Newton, Iowa

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

\$135,000 2.223% Term Bond due June 1, 2031, Yield 2.223%, CUSIP* 652810 F64

\$295,000 3.008% Term Bond due June 1, 2040, Yield 3.008%, CUSIP* 652810 F72

* 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

\$2,740,000
General Obligation Corporate Purpose Bonds,
Series 2021A

\$430,000
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 \$2,740,000 General Obligation Corporate Purpose Bonds, Series 2021A (the “Series 2021A Bonds”), and \$430,000 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.

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 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 2021A Term Bond Maturing June 1, 2029

<u>Date</u>	<u>Amount</u>
June 1, 2028	\$175,000
June 1, 2029 (maturity)	\$180,000

Series 2021A Term Bond Maturing June 1, 2032

<u>Date</u>	<u>Amount</u>
June 1, 2031	\$185,000
June 1, 2032 (maturity)	\$190,000

Series 2021A Term Bond Maturing June 1, 2040

<u>Date</u>	<u>Amount</u>
June 1, 2038	\$215,000
June 1, 2039	\$220,000
June 1, 2040 (maturity)	\$225,000

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)	\$35,000

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 MFPSI (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, Kyhn & Co. P.C., Atlantic, Iowa, independent auditors, as stated in their report appearing

herein. Gronewold, Bell, Kyhn & 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; (xiii) acquiring, demolishing and/or restoring dangerous and dilapidated properties and (xiv) 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	\$2,740,000.00	\$430,000.00
Net Premium	112,080.80	
Total Sources of Funds	<u>\$2,852,080.80</u>	<u>\$430,000.00</u>
Uses of Funds		
Project Fund	\$2,715,500.00	\$400,000.00
Capitalized interest	65,055.55	13,194.06
Costs of Issuance, Bond Insurance & Contingency ⁽¹⁾	71,525.25	16,805.94
Total Uses of Funds	<u>\$2,852,080.80</u>	<u>\$430,000.00</u>

⁽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 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 serial Series 2021A Bonds maturing in the years 2027, 2030, and 2034 through 2037, inclusive, and the term Series 2021A Bonds maturing in the years 2029 and 2040 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 serial Series 2021A Bonds maturing in the year 2033 (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 \$3,247,210.80 (reflecting the par amount of the Bonds with net original issue premium of \$112,080.80 and an underwriter’s discount of \$34,870.00).

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

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

MISCELLANEOUS

Brief descriptions or summaries of the Issuer, the Bonds, the 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/ Matt Muckler
City Administrator

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	\$34,252,000
TIF Rebate Obligation (Total Development Agreements)	141,416
Iowa Workforce Development Loan Guarantee ¹⁾	<u>429,474</u>
Total Debt Subject to Debt Limit	<u>\$34,822,890</u>
 Amount of Debt Capacity Remaining	 \$11,144,832
Percent of Debt Capacity Remaining	24.24%

- 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	2,740,000	Various Improvements and Urban Renewal Projects	6/2040	2,740,000
4/2021B	430,000	Various Improvements (Taxable)	6/2040	<u>430,000</u>
			Total	\$34,252,000

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

Current Outstanding

	<u>G.O. Debt</u>		<u>Series 2021A Bonds</u>		<u>Series 2021B Bonds</u>		Total Projected
Fiscal	Outstanding	Outstanding					Principal
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>and Interest</u>
FY 2020-21	\$3,194,000	\$344,314					\$3,538,314
FY 2021-22	3,163,000	770,296		\$65,056		\$13,194	4,011,546
FY 2022-23	3,258,000	703,940		58,550		11,875	4,032,364
FY 2023-24	3,271,000	633,433		58,550		11,875	3,974,858
FY 2024-25	3,330,000	557,757		58,550		11,875	3,958,182
FY 2025-26	1,821,000	474,212		58,550		11,875	2,365,636
FY 2026-27	1,791,000	424,276	\$175,000	58,550	\$25,000	11,875	2,485,700
FY 2027-28	1,699,000	373,350	175,000	55,050	25,000	11,319	2,338,718
FY 2028-29	1,095,000	323,969	180,000	51,550	25,000	10,763	1,686,283
FY 2029-30	1,126,000	288,986	180,000	47,950	30,000	10,207	1,683,143
FY 2030-31	1,174,000	252,715	185,000	44,350	30,000	9,541	1,695,606
FY 2031-32	1,210,000	213,283	190,000	41,575	30,000	8,874	1,693,732
FY 2032-33	1,020,000	172,470	195,000	38,725	30,000	7,971	1,464,166
FY 2033-34	965,000	137,350	195,000	35,800	30,000	7,069	1,370,219
FY 2034-35	625,000	103,273	200,000	31,900	30,000	6,166	996,339
FY 2035-36	635,000	81,218	200,000	27,900	35,000	5,264	984,382
FY 2036-37	675,000	58,763	205,000	23,900	35,000	4,211	1,001,874
FY 2037-38	690,000	34,938	215,000	19,800	35,000	3,158	997,896
FY 2038-39	310,000	10,585	220,000	13,350	35,000	2,106	591,041
FY 2039-40	<u>30,000</u>	<u>818</u>	<u>225,000</u>	<u>6,750</u>	<u>35,000</u>	<u>1,053</u>	<u>298,620</u>
Total	\$31,082,000	\$5,959,944	\$2,740,000	\$796,406	\$430,000	\$160,269	\$41,168,619

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	4,840,000	Improvements (<i>issued concurrently with 2021A/B Bonds</i>)	6/2041	<u>4,840,000</u>
			Total	\$6,624,000

Road Use Tax Revenue Debt: The City has revenue debt payable solely from Road Use Tax revenues 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>
4/2021D	\$1,990,000	Street Improvements (<i>issued concurrently with 2021A/B Bonds</i>)	6/2033	\$1,990,000

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	\$34,822,890	3.79%	6.85%	\$2,282.87
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 \$2,740,000, 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	\$175,000	____%	2035	\$195,000	____%
2029	\$355,000	____%	2036	\$200,000	____%
2030	\$180,000	____%	2037	\$205,000	____%
2032	\$375,000	____%	2040	\$660,000	____%
2033	\$195,000	____%			

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 \$430,000, 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	\$ 295,000	____%

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 \$2,740,000 General Obligation Corporate Purpose Bonds, Series 2021A, and \$430,000 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

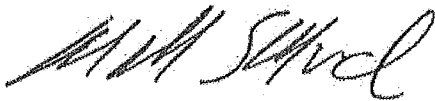
INDEPENDENT AUDIT

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
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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

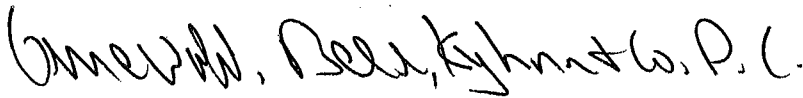
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Newton's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the five 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.

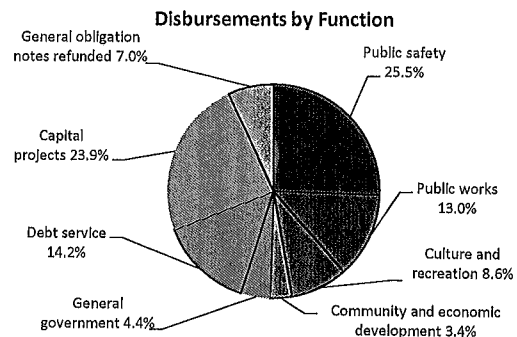
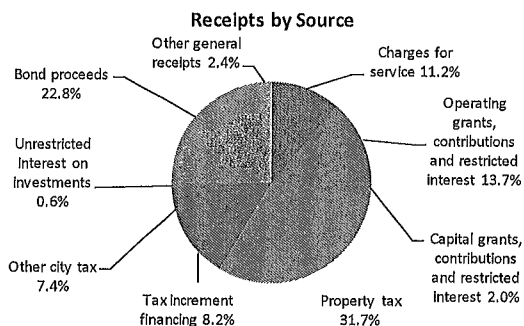
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

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	<u>6,634,097</u>	<u>--</u>	<u>17,373</u>
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	<u>497,333</u>	<u>280,463</u>	<u>1,585</u>
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

	General	Employee Benefits	Special Revenue 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	<u>123</u>
Total	<u>126</u>

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.

<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>

(continued next page)

General Obligation Bonds and Notes							
2014B Urban Renewal Bonds		2015A Urban Renewal Bonds		2015B Urban Renewal Bonds		2017A Urban Renewal Bonds	
Issued June 18, 2014		Issued June 30, 2015		Issued June 30, 2015		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		2019A Urban Renewal Bonds		2019B Urban Renewal Bonds		2019C Refunding Bonds	
Issued May 24, 2018		Issued April 16, 2019		Issued April 16, 2019		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
<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.

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

To the Honorable Mayor and
Members of the City Council

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, John W. P. C.

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: [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

RESOLUTION NO. 2021-_____

Resolution providing for the issuance of \$2,740,000 General Obligation Corporate Purpose Bonds, Series 2021A and providing for the levy of taxes to pay the same

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 “Series 2021A 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 "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 the City Council has approved the Bond Purchase Agreement and has made provision for its execution and delivery; and

WHEREAS, it is now necessary to make final provision for the approval of the Series 2021A Loan Agreement and to authorize the issuance of the Series 2021A Bonds;

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

Section 1. The City shall enter into the Series 2021A Loan Agreement with the Underwriter, in substantially the form as has been placed on file with the City Council, providing for a loan to the City in the principal amount of \$2,740,000, for the purpose or purposes set forth in the preamble hereof.

The Mayor and City Clerk are hereby authorized and directed to sign the Series 2021A Loan Agreement on behalf of the City, and the Series 2021A Loan Agreement is hereby approved.

Section 2. The Series 2021A Bonds, in the aggregate principal amount of \$2,740,000, are hereby authorized to be issued in evidence of the City's obligations under the Series 2021A Loan Agreement. The Series 2021A Bonds shall be dated April 21, 2021, shall be issued in the denomination of \$5,000 each or any integral multiple thereof and shall mature on June 1 in each of the years, in the respective principal amounts, and bear interest 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	\$175,000	2.00%	2034	\$195,000	2.00%
2029	\$355,000	2.00%	2035	\$200,000	2.00%
2030	\$180,000	2.00%	2036	\$200,000	2.00%
2032	\$375,000	1.50%	2037	\$205,000	2.00%
2033	\$195,000	1.50%	2040	\$660,000	3.00%

Section 3. BOKF, N.A., Lincoln, Nebraska, is hereby designated as the Registrar and Paying Agent for the Series 2021A Bonds and may be hereinafter referred to as the "Registrar" or the "Paying Agent." The City shall enter into an agreement (the "Registrar/Paying Agent Agreement") with the Registrar, in substantially the form as has been placed on file with the Council; the Mayor and City Clerk are hereby authorized and directed to sign the Registrar/Paying Agent Agreement on behalf of the City; and the Registrar/Paying Agent Agreement is hereby approved.

The City reserves the right to optionally prepay part or all of the principal of the Series 2021A Bonds maturing in the years 2029 to 2040, inclusive, prior to and in any order of maturity on June 1, 2028, or on any date thereafter upon terms of par and accrued interest. If less than all of the Series 2021A Bonds of any like maturity are to be redeemed, the particular part of those Series 2021A Bonds to be redeemed shall be selected by the Registrar by lot. The Series 2021A Bonds may be called in part in one or more units of \$5,000.

Principal of the Bond maturing on June 1, 2029 is subject to mandatory redemption (by lot, as selected by the Registrar) on June 1, 2028, 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>Year</u>	<u>Principal Amount</u>
2028	\$175,000
2029	\$180,000 (Maturity)

Principal of the Bond maturing on June 1, 2032 is subject to mandatory redemption (by lot, as selected by the Registrar) on June 1, 2031, 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>Year</u>	<u>Principal Amount</u>
2031	\$185,000
2032	\$190,000 (Maturity)

Principal of the Bond maturing on June 1, 2040 is subject to mandatory redemption (by lot, as selected by the Registrar) on June 1, 2038 and June 1, 2039, 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>Year</u>	<u>Principal Amount</u>
2038	\$215,000
2039	\$220,000
2040	\$225,000 (Maturity)

If less than the entire principal amount of any Series 2021A Bond in a denomination of more than \$5,000 is to be redeemed, the Registrar will issue and deliver to the registered owner thereof, upon surrender of such original Series 2021A Bond, a new Series 2021A Bond or Series 2021A Bonds, in any authorized denomination, in a total aggregate principal amount equal to the unredeemed balance of the original Series 2021A Bond. Notice of such redemption as aforesaid identifying the Series 2021A Bond or Series 2021A Bonds (or portion thereof) to be redeemed shall be sent by electronic means or by registered mail to the registered owners thereof at the addresses shown on the City's registration books not less than 30 days prior to such redemption date. Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Series 2021A Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Series 2021A Bonds called for redemption in the same manner as the original redemption notice was sent. All of such Series 2021A Bonds as to which the City reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given and for the redemption of which funds are duly provided, shall cease to bear interest on the redemption date.

Accrued interest on the Series 2021A Bonds shall be payable semiannually on the first day of June and December in each year, commencing December 1, 2021. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. Payment of interest on the Series 2021A Bonds shall be made to the registered owners appearing on the registration books of the City at the close of business on the fifteenth day of the month next preceding the interest payment date and shall be paid to the registered owners at the addresses shown on such registration books. Principal of the Series 2021A Bonds shall be payable in lawful money of the United States of America to the registered owners or their legal representatives upon presentation and surrender of the Series 2021A Bond or Series 2021A Bonds at the office of the Paying Agent.

The Series 2021A Bonds shall be executed on behalf of the City with the official manual or facsimile signature of the Mayor and attested with the official manual or facsimile signature of the City Clerk, and shall be fully registered Series 2021A Bonds without interest coupons. In case any officer whose signature or the facsimile of whose signature appears on the Series 2021A Bonds shall cease to be such officer before the delivery of the Series 2021A Bonds, such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The Series 2021A Bonds shall not be valid or become obligatory for any purpose until the Certificate of Authentication thereon shall have been signed by the Registrar.

The Series 2021A Bonds shall be fully registered as to principal and interest in the names of the owners on the registration books of the City kept by the Registrar, and after such registration, payment of the principal thereof and interest thereon shall be made only to the registered owners or their legal representatives or assigns. Each Bond shall be transferable only upon the registration books of the City upon presentation to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form thereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The record and identity of the owners of the Series 2021A Bonds shall be kept confidential as provided by Section 22.7 of the Code of Iowa.

Section 4. Notwithstanding anything above to the contrary, the Series 2021A Bonds shall be issued initially as Depository Bonds, with one fully registered Bond for each maturity date, in principal amounts equal to the amount of principal maturing on each such date, and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). On original issue, the Series 2021A Bonds shall be deposited with DTC for the purpose of maintaining a book-entry system for recording the ownership interests of its participants and the transfer of those interests among its participants (the "Participants"). In the event that DTC determines not to continue to act as securities depository for the Series 2021A Bonds or the City determines not to continue the book-entry system for recording ownership interests in the Series 2021A Bonds with DTC, the City will discontinue the book-entry system with DTC. If the City does not select another qualified securities depository to replace DTC (or a successor depository) in order to continue a book-entry system, the City will register and deliver replacement Series 2021A Bonds in the form of fully registered certificates, in authorized denominations of \$5,000 or integral multiples of \$5,000, in accordance with instructions from Cede & Co., as nominee for DTC. In the event that the City identifies a qualified securities depository to replace DTC, the City will register and deliver replacement Series 2021A Bonds, fully registered in the name of such depository, or its nominee, in the denominations as set forth above, as reduced from time to time prior to maturity in connection with redemptions or retirements by call or payment, and in such event, such depository will then maintain the book-entry system for recording ownership interests in the Series 2021A Bonds.

Ownership interests in the Series 2021A Bonds may be purchased by or through Participants. Such Participants and the persons for whom they acquire interests in the Series 2021A Bonds as nominees will not receive certificated Series 2021A Bonds, but each such Participant will receive a credit balance in the records of DTC in the amount of such Participant's

interest in the Series 2021A Bonds, which will be confirmed in accordance with DTC's standard procedures. Each such person for which a Participant has an interest in the Series 2021A Bonds, as nominee, may desire to make arrangements with such Participant to have all notices of redemption or other communications of the City to DTC, which may affect such person, forwarded in writing by such Participant and to have notification made of all interest payments.

The City will have no responsibility or obligation to such Participants or the persons for whom they act as nominees with respect to payment to or providing of notice for such Participants or the persons for whom they act as nominees.

As used herein, the term "Beneficial Owner" shall hereinafter be deemed to include the person for whom the Participant acquires an interest in the Series 2021A Bonds.

DTC will receive payments from the City, to be remitted by DTC to the Participants for subsequent disbursement to the Beneficial Owners. The ownership interest of each Beneficial Owner in the Series 2021A Bonds will be recorded on the records of the Participants whose ownership interest will be recorded on a computerized book-entry system kept by DTC.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the City to DTC, and DTC shall forward (or cause to be forwarded) the notices to the Participants so that the Participants can forward the same to the Beneficial Owners.

Beneficial Owners will receive written confirmations of their purchases from the Participants acting on behalf of the Beneficial Owners detailing the terms of the Series 2021A Bonds acquired. Transfers of ownership interests in the Series 2021A Bonds will be accomplished by book entries made by DTC and the Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Series 2021A Bonds, except as specifically provided herein. Interest and principal will be paid when due by the City to DTC, then paid by DTC to the Participants and thereafter paid by the Participants to the Beneficial Owners.

Section 5. The Series 2021A Bonds shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA
STATE OF IOWA JASPER COUNTY
CITY OF NEWTON

GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2021A

No. _____ \$ _____

RATE	MATURITY DATE	BOND DATE	CUSIP
_____%	June 1, 20__	April 21, 2021	652810_____

The City of Newton (the “City”), in Jasper County, State of Iowa, for value received, promises to pay on the maturity date of this Bond to

Cede & Co.
New York, New York

or registered assigns, the principal sum of

THOUSAND DOLLARS

in lawful money of the United States of America upon presentation and surrender of this Bond at the office of BOKF, N.A., Lincoln, Nebraska (hereinafter referred to as the “Registrar” or the “Paying Agent”), with interest on said sum, until paid, at the rate per annum specified above from the date of this Bond, or from the most recent interest payment date on which interest has been paid, on June 1 and December 1 of each year, commencing December 1, 2021, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto. Interest on this Bond is payable to the registered owner appearing on the registration books of the City at the close of business on the fifteenth day of the month next preceding the interest payment date, and shall be paid to the registered owner at the address shown on such registration books. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Registrar.

This Bond is one of a series of General Obligation Corporate Purpose Bonds, Series 2021A (the “Series 2021A Bonds”) issued by the City to evidence its obligation under a certain loan agreement, dated as of April 21, 2021 (the “Series 2021A Loan Agreement”), entered into by the City for the purpose of paying the cost, 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; (6) acquiring utility and maintenance vehicles and equipment for use by the municipal parks and recreation department; (7) constructing improvements to a municipal public works facility; (8) undertaking site improvements at the former municipal manufactured gas plant; (9) constructing street, sanitary sewer system, water utility system, storm water drainage and sidewalk improvements; (10) acquiring and installing streetscape, street lighting, signage and signalization improvements; (11) acquiring vehicles and equipment for the municipal police department; (12) acquiring emergency vehicles and

equipment for the municipal fire department; and (13) undertaking improvements to existing municipal parks, including sidewalk, fencing, ball field and landscaping/tree removal (collectively, the “Series 2021A Projects”).

The Series 2021A Bonds are issued pursuant to and in strict compliance with the provisions of Chapters 76 and 384 of the Code of Iowa, 2021, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution of the City Council, adopted on April 5, 2021, authorizing and approving the Series 2021A Loan Agreement and providing for the issuance and securing the payment of the Series 2021A Bonds (the “Resolution”), and reference is hereby made to the Resolution and the Series 2021A Loan Agreement for a more complete statement as to the source of payment of the Series 2021A Bonds and the rights of the owners of the Series 2021A Bonds.

The City reserves the right to optionally prepay part or all of the principal of the Series 2021A Bonds maturing in the years 2029 to 2040, inclusive, prior to and in any order of maturity on June 1, 2028, or on any date thereafter upon terms of par and accrued interest. Principal of the Bonds maturing on June 1 in the years 2029, 2032, and 2040 is subject to mandatory redemption (by lot, as selected by the Registrar) on June 1 in the years 2028; 2031; 2038 and 2039 respectively, in accordance with the mandatory redemption schedules set forth in the Resolution at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date.

If less than all of the Series 2021A Bonds of any like maturity are to be redeemed, the particular part of those Series 2021A Bonds to be redeemed shall be selected by the Registrar by lot. The Series 2021A Bonds may be called in part in one or more units of \$5,000. If less than the entire principal amount of any Series 2021A Bond in a denomination of more than \$5,000 is to be redeemed, the Registrar will issue and deliver to the registered owner thereof, upon surrender of such original Series 2021A Bond, a new Series 2021A Bond or Series 2021A Bonds, in any authorized denomination, in a total aggregate principal amount equal to the unredeemed balance of the original Series 2021A Bond. Notice of such redemption as aforesaid identifying the Series 2021A Bond or Series 2021A Bonds (or portion thereof) to be redeemed shall be sent by electronic means or by registered mail to the registered owners thereof at the addresses shown on the City’s registration books not less than 30 days prior to such redemption date. Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Series 2021A Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Series 2021A Bonds called for redemption in the same manner as the original redemption notice was sent. All of such Series 2021A Bonds as to which the City reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given and for the redemption of which funds are duly provided, shall cease to bear interest on the redemption date.

This Bond is fully negotiable but shall be fully registered as to both principal and interest in the name of the owner on the books of the City in the office of the Registrar, after which no transfer shall be valid unless made on said books and then only upon presentation of this Bond to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form hereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The City, the Registrar and the Paying Agent may deem and treat the registered owner hereof as the absolute owner for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the City, the Registrar and the Paying Agent shall not be affected by any notice to the contrary.

And It Is Hereby Certified and Recited that all acts, conditions and things required by the laws and Constitution of the State of Iowa, to exist, to be had, to be done or to be performed precedent to and in the issue of this Bond were and have been properly existent, had, done and performed in regular and due form and time; that provision has been made for the levy of a sufficient continuing annual tax on all the taxable property within the City for the payment of the principal of and interest on this Bond as the same will respectively become due; and that the total indebtedness of the City, including this Bond, does not exceed any constitutional or statutory limitations.

IN TESTIMONY WHEREOF, the City of Newton, Iowa, by its City Council, has caused this Bond to be executed with the duly authorized facsimile signature of its Mayor and attested with the duly authorized facsimile signature of its City Clerk, as of April 21, 2021.

CITY OF NEWTON, IOWA

By (DO NOT SIGN)

Mayor

Attest:

(DO NOT SIGN)

City Clerk

Registration Date: (Registration Date)

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2021A Bonds described in the within-mentioned Resolution.

BOKF, N.A.
Lincoln, Nebraska
Registrar

By (Authorized Signature)

Authorized Officer

STATEMENT OF INSURANCE

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to BOKF, N.A., Lincoln, Nebraska, or its successor, as paying agent for the Series 2021A Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Resolution or this Bond, BAM shall be deemed to be the sole owner of the Series 2021A Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Series 2021A Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Resolution, at law or in equity.

ABBREVIATIONS

The following abbreviations, when used in this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common	UTMA _____
TEN ENT	-	as tenants by the entireties	(Custodian)
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common	As Custodian for _____ (Minor) under Uniform Transfers to Minors Act _____ (State)

Additional abbreviations may also be used though not in the list above.

ASSIGNMENT

For valuable consideration, receipt of which is hereby acknowledged, the undersigned assigns this Bond to

(Please print or type name and address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

and does hereby irrevocably appoint _____, Attorney, to transfer this Bond on the books kept for registration thereof with full power of substitution.

Dated: _____

Signature guaranteed:

(Signature guarantee must be provided in accordance with the prevailing standards and procedures of the Registrar and Transfer Agent. Such standards and procedures may require signatures to be guaranteed by certain eligible guarantor institutions that participate in a recognized signature guarantee program.)

NOTICE: The signature to this Assignment must correspond with the name of the registered owner as it appears on this Bond in every particular, without alteration or enlargement or any change whatever.

Section 6. The Series 2021A Bonds shall be executed as herein provided as soon after the adoption of this resolution as may be possible, and thereupon they shall be delivered to the Registrar for registration, authentication and delivery to or on behalf of the Underwriter, upon receipt of the loan proceeds \$2,852,080.80, including original issue premium, (the "Loan Proceeds"), and all action heretofore taken in connection with the Series 2021A Loan Agreement is hereby ratified and confirmed in all respects. The Loan Proceeds shall be used to pay the costs of issuance of the Series 2021A Bonds and to carry out the Series 2021A Projects.

A portion of the Loan Proceeds (\$30,140) shall be retained by the Underwriter as the Underwriter's Discount.

A portion of the Loan Proceeds (\$4,208.32) received from the sale of the Bonds shall be used to pay the bond insurance premium to Build America Mutual Assurance Company.

A portion of the Loan Proceeds (\$2,715,500) received from the sale of the Series 2021A Bonds plus (\$3,926.93) (the "Contingency") shall be deposited in a dedicated fund (the "Project Fund"), which is hereby created, to be used for the payment of costs of the Series 2021A Projects and to the extent that any such proceeds (the "Project Proceeds") remain after the full payment of the costs of the Series 2021A Projects, such Project Proceeds, shall be transferred to the Debt Service Fund for the payment of interest on the Series 2021A Bonds.

The Loan Proceeds received as capitalized interest proceeds (\$65,055.55) shall be deposited into the Debt Service Fund for payment of interest on the Series 2021A Bonds as the same becomes due.

The remainder of the Loan Proceeds (\$33,250) (the "Cost of Issuance Proceeds"), received from the sale of the Series 2021A Bonds shall be deposited in the Project Fund, and shall be used for the payment of costs of issuance of the Series 2021A Bonds, and to the extent that Cost of Issuance Proceeds remain after the full payment of the costs of issuance of the Series 2021A Bonds, such Cost of Issuance Proceeds shall be transferred to the Debt Service Fund for the payment of interest on the Series 2021A Bonds.

The City shall keep a detailed and segregated accounting of the expenditure of, and investment earnings on, the Loan Proceeds to ensure compliance with the requirements of the Internal Revenue Code, as hereinafter defined.

Section 7. 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, there is hereby ordered levied on all the taxable property in the City, the following direct annual tax for collection in each of the following fiscal years:

For collection in the fiscal year beginning July 1, 2021,
sufficient to produce the net annual sum of \$65,056;

For collection in the fiscal year beginning July 1, 2022,
sufficient to produce the net annual sum of \$58,550;

For collection in the fiscal year beginning July 1, 2023,
sufficient to produce the net annual sum of \$58,550;

For collection in the fiscal year beginning July 1, 2024,
sufficient to produce the net annual sum of \$58,550;

For collection in the fiscal year beginning July 1, 2025,
sufficient to produce the net annual sum of \$58,550;

For collection in the fiscal year beginning July 1, 2026,
sufficient to produce the net annual sum of \$233,550;

For collection in the fiscal year beginning July 1, 2027,
sufficient to produce the net annual sum of \$230,050;

For collection in the fiscal year beginning July 1, 2028,
sufficient to produce the net annual sum of \$231,550;

For collection in the fiscal year beginning July 1, 2029,
sufficient to produce the net annual sum of \$227,950;

For collection in the fiscal year beginning July 1, 2030,
sufficient to produce the net annual sum of \$229,350;

For collection in the fiscal year beginning July 1, 2031,
sufficient to produce the net annual sum of \$231,575;

For collection in the fiscal year beginning July 1, 2032,
sufficient to produce the net annual sum of \$233,725;

For collection in the fiscal year beginning July 1, 2033,
sufficient to produce the net annual sum of \$230,800;

For collection in the fiscal year beginning July 1, 2034,
sufficient to produce the net annual sum of \$231,900;

For collection in the fiscal year beginning July 1, 2035,
sufficient to produce the net annual sum of \$227,900;

For collection in the fiscal year beginning July 1, 2036,
sufficient to produce the net annual sum of \$228,900;

For collection in the fiscal year beginning July 1, 2037
sufficient to produce the net annual sum of \$234,800;

For collection in the fiscal year beginning July 1, 2038
sufficient to produce the net annual sum of \$233,350; and

For collection in the fiscal year beginning July 1, 2039,
sufficient to produce the net annual sum of \$231,750.

Section 8. A certified copy of this resolution shall be filed with the County Auditor of Jasper County, and the County Auditor is hereby instructed to enter for collection and assess the tax hereby 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 City and when collected, the proceeds of the taxes shall be converted into the Debt Service Fund of the City 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 hereby authorized and for no other purpose whatsoever. Any amount received by the City as accrued interest on the Bonds shall be deposited into such special account and used to pay interest due on the Bonds on the first interest payment date.

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 City which may lawfully be applied for such purpose, including incremental property tax revenues as provided for in Section 403.19 of the Code of Iowa, 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 Section 7 of this Resolution, shall be reduced by the amount of such alternate funds as have been appropriated for such purpose, and evidenced in the City's budget. Some of the Series 2021A Projects identified in the preamble hereto have previously been authorized as urban renewal projects of the City and are hereby reaffirmed as urban renewal projects undertaken pursuant to the City's respective urban renewal plans and the provisions of Chapter 403 of the Code of Iowa, and all action previously taken in this regard is hereby ratified and affirmed. The City Council hereby declares and reaffirms its intention to use incremental property tax revenues, pursuant to Sections 403.12 and 403.19 of the Code of Iowa for the payment of the portion of principal of and interest on the Bonds attributable to such urban renewal projects.

Section 9. The interest or principal and both of them falling due in any year or years shall, if necessary, be paid promptly from current funds on hand in advance of taxes levied and when the taxes shall have been collected, reimbursement shall be made to such current funds in the sum thus advanced.

Section 10. It is the intention of the City that interest on the Series 2021A Bonds be and remain excluded from gross income for federal income tax purposes pursuant to the appropriate provisions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations in effect with respect thereto (all of the foregoing herein referred to as the "Internal Revenue Code"). In furtherance thereof, the City covenants to comply with the provisions of the Internal Revenue Code as they may from time to time be in effect or amended and further covenants to comply with the applicable future laws, regulations, published rulings and court decisions as may be necessary to insure that the interest on the Series 2021A Bonds will remain excluded from gross income for federal income tax purposes. Any and all of the officers of the City are hereby authorized and directed to take any and all actions as may be necessary to comply with the covenants herein contained.

The City hereby designates the Series 2021A Bonds as "Qualified Tax Exempt Obligations" as that term is used in Section 265(b)(3)(B) of the Internal Revenue Code.

Section 11. The Securities and Exchange Commission (the “SEC”) has promulgated certain amendments to Rule 15c2-12 under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) that make it unlawful for an underwriter to participate in the primary offering of municipal securities in a principal amount of \$1,000,000 or more unless, before submitting a bid or entering into a purchase contract for such securities, an underwriter has reasonably determined that the issuer or an obligated person has undertaken in writing for the benefit of the holders of such securities to provide certain disclosure information to prescribed information repositories on a continuing basis so long as such securities are outstanding or unless and to the extent that the offering is exempt from the requirements of the Rule.

On the date of issuance and delivery of the Series 2021A Bonds, the City will execute and deliver a Continuing Disclosure Certificate pursuant to which the City will undertake to comply with the Rule. The City covenants and agrees that it will comply with and carry out the provisions of the Continuing Disclosure Certificate. Any and all of the officers of the City are hereby authorized and directed to take any and all actions as may be necessary to comply with the Rule and the Continuing Disclosure Certificate.

Section 12. The purchasing of bond insurance from Build America Mutual Assurance Company with respect to the Series 2021A Bonds is hereby approved. The Mayor and/or City Clerk and Finance Officer are authorized and directed to execute such documents as they, with advice from bond counsel, deem necessary to carry out the purchasing of the bond insurance.

Provisions Related to Bond Insurance. The following provisions shall govern, notwithstanding anything to the contrary set forth in this resolution.

1. Notice and Other Information to be given to BAM. The Issuer will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement and (ii) to the holders of Insured Obligations or the Trustee under the Security Documents.

The notice address of BAM is: Build America Mutual Assurance Company, 200 Liberty Street, 27th Floor, New York, NY 10281, Attention: Surveillance, Re: Policy No. _____, Telephone: (212) 235-2500, Telecopier: (212) 235-1542, Email: notices@buildamerica.com. In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 235-5214 and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

2. Amendments, Supplements and Consents.

a. *Amendments.* Wherever any Security Document requires the consent of Bondholders, BAM’s consent shall also be required. In addition, any amendment, supplement or modification to the Security Documents that adversely affect the rights or interests of BAM shall be subject to the prior written consent of BAM.

b. *Consent of BAM Upon Default.* Anything in any Security Document to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole holder of the Series 2021A Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Series 2021A Bonds or the trustee, paying agent, registrar, or similar agent (the “Trustee”) for the benefit of such holders under any Security Document. The Trustee may not waive any default or event of default or accelerate the Insured Obligations without BAM’s written consent.

3. BAM As Third Party Beneficiary. BAM is explicitly recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce any right, remedy or claim conferred, given or granted thereunder.

4. Policy Payments.

a. In the event that principal and/or interest due on the Series 2021A Bonds shall be paid by BAM pursuant to the Policy, the Series 2021A Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Series 2021A Bonds.

b. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Trustee shall agree for the benefit of BAM that:

i. They recognize that to the extent BAM makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the Series 2021A Bonds, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Issuer, with interest thereon, as provided and solely from the sources stated in the Security Document and the Series 2021A Bonds; and

ii. They will accordingly pay to BAM the amount of such principal and interest, with interest thereon, but only from the sources and in the manner provided in the Security Documents and the Series 2021A Bonds for the payment of principal of and interest on the Series 2021A Bonds to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

c. *Special Provisions for Insurer Default:* If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraph B above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other holder of the Series 2021A Bonds for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph (3), “Insurer Default” means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

5. Definitions. For the purposes of this section, the following terms shall have the meaning as set forth below:

“BAM” shall mean Build America Mutual Assurance Company, or any successor thereto.

“Policy” shall mean the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Series 2021A Bonds when due.

“Security Documents” shall mean the resolution, loan agreement, bond and/or any additional or supplemental document executed in connection with the Series 2021A Bonds.

Section 13. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 14. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved April 5, 2021.

Mayor

Attest:

City Clerk

SERIES 2021A LOAN AGREEMENT

This Loan Agreement is entered into as of April 21, 2021, by and between the City of Newton, Iowa (the "City"), and D.A. Davidson & Co., Des Moines, Iowa, as Purchaser (the "Purchaser"). The parties agree as follows:

1. The Purchaser shall loan to the City the sum of \$2,740,000, and the City's obligation to repay hereunder shall be evidenced by the issuance of General Obligation Corporate Purpose Bonds, Series 2021A, in the aggregate principal amount of \$2,740,000 (the "Series 2021A Bonds").

2. The City adopted a resolution on April 5, 2021 (the "Resolution") authorizing and approving this Loan Agreement and providing for the issuance of the Bonds and the levy of taxes to pay the principal of and interest on the Bonds for the purpose or purposes set forth in the Resolution. The Resolution is incorporated herein by reference, and the parties agree to abide by the terms and provisions of the Resolution. In and by the Resolution, provision has been made for the levy of a sufficient continuing annual tax on all the taxable property within the City for the payment of the principal of and interest on the Bonds as the same will respectively become due.

3. The Series 2021A Bonds, in substantially the form set forth in the Resolution, shall be executed and delivered to or upon the direction of the Purchaser to evidence the City's obligation to repay the amounts payable hereunder. The Series 2021A Bonds shall be dated April 21, 2021, shall be in denominations of \$5,000 or integral multiples thereof, shall bear interest, shall be payable as to principal on the dates and in the amounts, shall be subject to prepayment prior to maturity and shall contain such other terms and provisions as provided in the Series 2021A Bonds and the Resolution.

4. This Loan Agreement is executed pursuant to the provisions of Section 384.24A of the Code of Iowa and shall be read and construed as conforming to all provisions and requirements of the statute.

IN WITNESS WHEREOF, we have hereunto affixed our signatures all as of the date first above written.

CITY OF NEWTON, IOWA

By _____
Mayor

Attest:

City Clerk

D.A. DAVIDSON & CO.
Des Moines, Iowa

By _____

(Print Name and Title)

PAYING AGENT AND REGISTRAR AGREEMENT

This Agreement is made and entered into as of April 21, 2021, by and between the City of Newton, Iowa (the “Issuer”), and BOKF, National Association, Lincoln, Nebraska (the “Registrar”).

WITNESSETH:

WHEREAS, the Issuer has authorized the issuance of \$2,740,000 of its General Obligation Corporate Purpose Bonds, Series 2021A, dated April 21, 2021 (the “Bonds”), by a resolution duly adopted by the City Council of the Issuer (the “Resolution”), and requires the services of a Paying Agent and Registrar for said issue; and

WHEREAS, the Registrar is willing to provide services as Paying Agent and Registrar pursuant to the terms of this Agreement and the Resolution in consideration for the compensation described in this Agreement;

NOW THEREFORE, the Issuer and the Registrar do hereby agree as follows:

1. The Registrar agrees that it shall maintain on behalf of the Issuer books of record in which the registered owners of the Bonds and their registered addresses shall be duly recorded.
2. The Registrar agrees that it shall serve as Paying Agent for the Issuer in making the payments of principal and interest falling due on the Bonds. The Issuer shall, not later than five days before each interest and principal payment date on the Bonds, deposit with the Registrar an amount sufficient to make such payment and the Registrar shall apply such deposit by mailing a check or draft to each of the registered owners of the Bonds as shown on the books of record maintained pursuant to Section 1 hereof for the appropriate amounts of interest due on each respective Bond and by paying principal upon presentation, all in accordance with the Resolution. Payment made to the Depository or its nominee as defined and described in the Resolution shall be made as described in the Resolution and as described in Section 13 below.
3. The Registrar hereby accepts and agrees to perform all duties directed by the Resolution to be performed by the “Paying Agent” and “Registrar” as defined in the Resolution (specifically including, without limitation, duties relating to bond insurance) and the terms of the Resolution are hereby incorporated by reference.
4. The Registrar shall make the initial registration of the Bonds upon written directions from the original purchaser thereof as designated in the Resolution.
5. Transfer of the Bonds shall be registered pursuant to the limitations prescribed in the Resolution, upon surrender to the Registrar of any outstanding Bond in form deemed by the Registrar properly endorsed for transfer with all necessary signatures guaranteed in such manner and form as the Registrar may require by a signature guarantor reasonably believed by Registrar to be responsible, accompanied by such assurances as the Registrar shall deem necessary or

appropriate to evidence the genuineness and effectiveness of each necessary signature and, if deemed appropriate by the Registrar, satisfactory evidence of compliance with all applicable laws relating to the collection of taxes. In registering transfer of the Bonds, the Registrar may rely upon the Uniform Commercial Code or any other statutes which in the opinion of counsel protect the Registrar and the Issuer in not requiring complete documentation, in registering Bonds without inquiry into adverse claims, in delaying registration for purposes of such inquiry, or in refusing registration where in Registrar's judgment an adverse claim requires such refusal.

6. As provided by law, the books of registration maintained by the Registrar shall not be deemed public records and shall be available for inspection solely pursuant to a court order or a subpoena of any governmental agency having jurisdiction to issue such subpoena.

7. At least annually, the Registrar shall give a report to the Issuer accounting for all funds received and disbursements made. The Registrar shall maintain customary records in connection with its exercise of its duties under this Agreement and the Resolution.

8. At any time, the Registrar may apply to the Issuer for instructions and may consult with the Issuer's attorney or the Registrar's own counsel in respect to any matter arising in connection with its duties under this Agreement and the Resolution and the Registrar shall not be liable or accountable for any action taken or omitted by it in good faith in accordance with such instructions or with the opinion of such counsel. The Registrar may rely on any paper or document reasonably believed by it to be genuine and to have been signed by the proper person or persons.

9. The Issuer agrees to pay any expenses reasonably incurred by the Registrar in connection with the performance of its duties under this Agreement and the Resolution including counsel fees, and in addition shall pay the Registrar as compensation for its services as shown on the attached schedule.

10. Any corporation or association into which the Registrar may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a part, shall ipso facto, be and become successor Registrar hereunder and vested with all of the trusts, powers, discretion, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

11. The Issuer shall have the right to remove the Registrar in the event of a material breach of the Registrar's duties under this Agreement and the Resolution and the continued service by the Registrar shall also be subject to the provisions of the Resolution. In such event, the Issuer shall have the right to designate a successor and the Registrar hereby agrees that it shall turn over all of its records with respect to the Bonds to any such successor upon request by the Issuer.

12. This Agreement shall terminate when the Bonds have been paid in full. The Registrar shall have no duties with respect to the investment of monies paid to it under this Agreement and the Resolution except as may be otherwise agreed between the Registrar and the Issuer. Any deposit of such monies shall be either fully insured by insurance at the Federal Deposit Insurance Corporation or fully secured in the manner required by law for deposit of funds of the Issuer. Any such deposit may be in an account maintained with the Registrar.

13. Under the terms of the Resolution, the Bonds are to be issued initially as “book-entry-only bonds” using the services of The Depository Trust Company (the “Depository”) and initially the entire issue of the Bonds shall be registered in the name of Cede & Co., as nominee for the Depository, with one typewritten bond for each separate stated maturity. Payment of semiannual interest for any Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the interest payment date for the Bonds at the address (wire instruction) shown in the Registrar’s books of registration for Cede & Co. as registered owner in accordance with the Depository’s procedures as in effect from time to time. The Registrar agrees that it will execute and observe the terms and conditions of the Letter of Representations (the “Letter of Representations”) as authorized by the Resolution. The Letter of Representations may be in the form of separate undertakings executed by the Registrar and the Issuer in connection with services provided by the Depository.

The Registrar and the Issuer may treat the Depository (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Resolution, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Registrar nor the Issuer shall be affected by any notice to the contrary. Neither the Registrar nor the Issuer shall have any responsibility or obligation to any participant of the Depository (“Participant”), any person claiming a beneficial ownership interest in the Bonds under or through the Depository or any Participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder, with respect to the accuracy of any records maintained by the Depository or any Participant; the payment by the Depository or any Participant or any amount in respect of the principal of or interest on the Bonds; any notice which is permitted or required to be given to Bondholders under the Resolution; the selection by the Depository or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by the Depository as Bondholder. The Registrar shall pay all principal of and interest on the Bonds only to the Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer’s obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. Except under the conditions directed below, no person other than the Depository shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the Issuer to make payments of principal of and interest pursuant to the Resolution. Upon delivery by the Depository to the Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in the place of Cede & Co., and subject to the provisions in the Resolution with respect to Record Dates, the term “Cede & Co.” in this Agreement shall refer to such new nominee of the Depository. If the Depository gives notice to the Issuer or the Registrar pursuant to the Letter of Representations that it will

discontinue providing its services as securities depository with respect to the Bonds, the Issuer shall either appoint a successor securities depository or terminate the book-entry system for the Bonds under the following conditions:

(a) Any successor securities depository must be a clearing agency registered with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934 and must enter into an agreement with the Issuer and the Registrar agreeing to act as the depository and clearing agency for all the Bonds. After such agreement has become effective, the Depository shall present the Bonds for registration of transfer in accordance with the Resolution and the Registrar shall register them in the name of the successor securities depository or its nominee. If a successor securities depository has not accepted such position prior to the effective date of the Depository's termination of its services, the book-entry system shall automatically terminate.

(b) If the Issuer elects to terminate the book-entry system for the Bonds, it shall so notify the Registrar in writing. Thereafter, upon presentation of the Bonds, or any of them, by the Depository or its nominee to the Registrar for registration of transfer in accordance with the Resolution, the Registrar shall register the transfer in accordance with the Resolution and all provisions of this Section 13 shall immediately cease to be in effect.

The Issuer may elect to terminate the book-entry system for the Bonds at any time by giving written notice to the Depository and the Registrar. On the effective date of such termination, the provisions of this Section 13 shall cease to be in effect, except that the Registrar shall continue to comply with applicable provisions of the Letter of Representations with respect to the Bonds as to which the Depository remains the registered owner. After such termination, the Registrar shall, upon presentation of the Bonds by the Depository or its nominee for registration of transfer or exchange in accordance with the Resolution make such transfer or exchange in accordance with the Resolution. Upon the appointment of a successor securities depository or termination of the book-entry system, the Registrar shall give notice of such event to the registered owners of the Bonds (through the Depository) and (1) of the name and address of the successor securities depository or (2) that the Bonds may now be obtained by the beneficial owners of the Bonds, or their nominees, upon proper instructions being given to the Depository by the relevant Participant and compliance by the Depository with the provisions of the Resolution regarding registration of transfers. Notwithstanding any other provision of this Agreement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of the Depository (or any successor nominee), all payments with respect to the principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations. In connection with any notice or other communication to be provided to Bondholders pursuant to the Resolution by the Issuer or the Registrar with respect to any consent or other action to be taken by Bondholders, the Issuer or the Registrar, as the case may be, shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

14. If any one or more of the covenants or agreements to be performed by either of the parties to this Agreement shall be determined by a court of competent jurisdiction to be unenforceable, such covenants or agreement shall be deemed and construed to be severable from the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Agreement.

15. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

16. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa.

IN WITNESS WHEREOF, the parties hereto have each caused this Paying Agent and Registrar Agreement to be executed by their duly authorized officers and attested as of the date first above written.

CITY OF NEWTON, IOWA

ATTEST:

By: _____
Mayor

City Clerk

BOKF, National Association, Lincoln, Nebraska
Paying Agent and Registrar

By _____
Authorized Officer

BOK FINANCIAL

Trustee, PAYING AGENT, BOND REGISTRAR AND TRANSFER AGENT FEE SCHEDULE

ADMINISTRATION FEE – PAYING AGENT

• Book Entry Bonds	\$300 initial/\$450 annual
• Registered/Private Placement Bonds	\$300 initial/\$700 annual

ADMINISTRATION FEE – TRUSTEE / PAYING AGENT

• Book Entry Bonds	\$750 initial/\$1,250 annual
• Registered/Private Placement Bonds	\$750 initial/\$1,500 annual

* Initial Fees paid at Closing

* Annual Fees paid at Interest/Principal Dates

ADDITIONAL SERVICES

• Placement of CDs or Sinking Funds	Included in Annual Fee
• Optional or Partial Redemption	Included in Annual Fee
• Mandatory Redemption	Included in Annual Fee
• Early Termination/Full Call	Included in Annual Fee
• Paying Costs of Issuance	Included in Annual Fee

SERVICES AVAILABLE UPON REQUEST

• Dissemination Agent	\$250 Annual Fee
• Tax credit bond filing	\$350 Annual Fee
• Disbursement Agent	Included in Annual Fee
• Disbursement Agent wires/check	Included in Annual Fee

Reasonable charges will be made for additional services or reports not contemplated at the time of execution of the Agreement or not covered specifically elsewhere in this schedule. Extraordinary out-of-pocket expenses will be charged at cost. However, this does not include ordinary out-of-pocket expenses such as normal postage and supplies, which are included in the annual fees quoted above.

City of Newton Council Report



Item: Resolution providing for the issuance of \$430,000 Taxable General Obligation Corporate Purpose Bonds, Series 2021B and providing for the levy of taxes to pay the same

Summary: This action approves the issuance of the 2021B Taxable General Obligation Corporate Purpose Bonds

Financial Impact:
Approves the 2021B General Obligation Taxable Bonds totaling \$430,000 to be paid with Debt Service Funds

Report Number: 21-099

Date: April 5, 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 General Obligation Bonds. The final step in the bonding process is to authorize the issuance of the bonds.

The 2021B Bond issuance includes the following:

- \$400,000 to continue the D&D Program

Recommendation:

Staff recommends approval to issue the Taxable General Obligation Bonds, Series 2021B.

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

Matt Muckler
City Administrator

RESOLUTION NO. 2021-_____

Resolution providing for the issuance of \$430,000 Taxable General Obligation Corporate Purpose Bonds, Series 2021B and providing for the levy of taxes to pay the same

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 “Bond Purchase Agreement”) has been prepared to set forth the terms of the Series 2021B Loan Agreement and the Series 2021B Bonds and the understanding between the City and the Underwriter with respect to the purchase thereof, and the City Council has approved the Bond Purchase Agreement and has made provision for its execution and delivery; and

WHEREAS, it is now necessary to make final provision for the approval of the Series 2021B Loan Agreement and to authorize the issuance of the Series 2021B Bonds;

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

Section 1. The City shall enter into the Series 2021B Loan Agreement with the Underwriter, in substantially the form as has been placed on file with the City Council, providing for a loan to the City in the principal amount of \$430,000, for the purpose or purposes set forth in the preamble hereof.

The Mayor and City Clerk are hereby authorized and directed to sign the Series 2021B Loan Agreement on behalf of the City, and the Series 2021B Loan Agreement is hereby approved.

Section 2. The Series 2021B Bonds, in the aggregate principal amount of \$430,000, are hereby authorized to be issued in evidence of the City’s obligations under the Series 2021B Loan Agreement. The Series 2021B Bonds shall be dated April 21, 2021, shall be issued in the denomination of \$5,000 each or any integral multiple thereof and shall mature on June 1 in each of the years, in the respective principal amounts, and bear interest at the respective rates as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>
2031	\$135,000	2.223%
2040	\$295,000	3.008%

Section 3. BOKF, N.A., Lincoln, Nebraska, is hereby designated as the Registrar and Paying Agent for the Series 2021B Bonds and may be hereinafter referred to as the “Registrar” or

the “Paying Agent.” The City shall enter into an agreement (the “Registrar/Paying Agent Agreement”) with the Registrar, in substantially the form as has been placed on file with the Council; the Mayor and City Clerk are hereby authorized and directed to sign the Registrar/Paying Agent Agreement on behalf of the City; and the Registrar/Paying Agent Agreement is hereby approved.

The City reserves the right to optionally prepay part or all of the principal of the Series 2021B Bonds maturing in the year 2040 prior to maturity on June 1, 2031, or on any date thereafter upon terms of par and accrued interest. If less than all of the Series 2021B Bonds of any like maturity are to be redeemed, the particular part of those Series 2021B Bonds to be redeemed shall be selected by the Registrar by lot. The Series 2021B Bonds may be called in part in one or more units of \$5,000.

Principal of the Bond maturing on June 1, 2031 is subject to mandatory redemption (by lot, as selected by the Registrar) on June 1 in each of the years 2027, 2028, 2029, and 2030, 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>Year</u>	<u>Principal Amount</u>
2027	\$25,000
2028	\$25,000
2029	\$25,000
2030	\$30,000
2031	\$30,000 (Maturity)

Principal of the Bond maturing on June 1, 2040 is subject to mandatory redemption (by lot, as selected by the Registrar) on June 1 in each of the years 2032, 2033, 2034, 2035, 2036, 2037, 2038, and 2039, 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>Year</u>	<u>Principal Amount</u>
2032	\$30,000
2033	\$30,000
2034	\$30,000
2035	\$30,000
2036	\$35,000
2037	\$35,000
2038	\$35,000
2039	\$35,000
2040	\$35,000 (Maturity)

If less than the entire principal amount of any Series 2021B Bond in a denomination of more than \$5,000 is to be redeemed, the Registrar will issue and deliver to the registered owner thereof, upon surrender of such original Series 2021B Bond, a new Series 2021B Bond or Series

2021B Bonds, in any authorized denomination, in a total aggregate principal amount equal to the unredeemed balance of the original Series 2021B Bond. Notice of such redemption as aforesaid identifying the Series 2021B Bond or Series 2021B Bonds (or portion thereof) to be redeemed shall be sent by electronic means or by registered mail to the registered owners thereof at the addresses shown on the City's registration books not less than 30 days prior to such redemption date. Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Series 2021B Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Series 2021B Bonds called for redemption in the same manner as the original redemption notice was sent. All of such Series 2021B Bonds as to which the City reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given and for the redemption of which funds are duly provided, shall cease to bear interest on the redemption date.

Accrued interest on the Series 2021B Bonds shall be payable semiannually on the first day of June and December in each year, commencing December 1, 2021. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. Payment of interest on the Series 2021B Bonds shall be made to the registered owners appearing on the registration books of the City at the close of business on the fifteenth day of the month next preceding the interest payment date and shall be paid to the registered owners at the addresses shown on such registration books. Principal of the Series 2021B Bonds shall be payable in lawful money of the United States of America to the registered owners or their legal representatives upon presentation and surrender of the Series 2021B Bond or Series 2021B Bonds at the office of the Paying Agent.

The Series 2021B Bonds shall be executed on behalf of the City with the official manual or facsimile signature of the Mayor and attested with the official manual or facsimile signature of the City Clerk, and shall be fully registered Series 2021B Bonds without interest coupons. In case any officer whose signature or the facsimile of whose signature appears on the Series 2021B Bonds shall cease to be such officer before the delivery of the Series 2021B Bonds, such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The Series 2021B Bonds shall not be valid or become obligatory for any purpose until the Certificate of Authentication thereon shall have been signed by the Registrar.

The Series 2021B Bonds shall be fully registered as to principal and interest in the names of the owners on the registration books of the City kept by the Registrar, and after such registration, payment of the principal thereof and interest thereon shall be made only to the registered owners or their legal representatives or assigns. Each Bond shall be transferable only upon the registration books of the City upon presentation to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form thereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The record and identity of the owners of the Series 2021B Bonds shall be kept confidential as provided by Section 22.7 of the Code of Iowa.

Section 4. Notwithstanding anything above to the contrary, the Series 2021B Bonds shall be issued initially as Depository Bonds, with one fully registered Bond for each maturity date, in principal amounts equal to the amount of principal maturing on each such date, and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). On original issue, the Series 2021B Bonds shall be deposited with DTC for the purpose of maintaining a book-entry system for recording the ownership interests of its participants and the transfer of those interests among its participants (the "Participants"). In the event that DTC determines not to continue to act as securities depository for the Series 2021B Bonds or the City determines not to continue the book-entry system for recording ownership interests in the Series 2021B Bonds with DTC, the City will discontinue the book-entry system with DTC. If the City does not select another qualified securities depository to replace DTC (or a successor depository) in order to continue a book-entry system, the City will register and deliver replacement Series 2021B Bonds in the form of fully registered certificates, in authorized denominations of \$5,000 or integral multiples of \$5,000, in accordance with instructions from Cede & Co., as nominee for DTC. In the event that the City identifies a qualified securities depository to replace DTC, the City will register and deliver replacement Series 2021B Bonds, fully registered in the name of such depository, or its nominee, in the denominations as set forth above, as reduced from time to time prior to maturity in connection with redemptions or retirements by call or payment, and in such event, such depository will then maintain the book-entry system for recording ownership interests in the Series 2021B Bonds.

Ownership interests in the Series 2021B Bonds may be purchased by or through Participants. Such Participants and the persons for whom they acquire interests in the Series 2021B Bonds as nominees will not receive certificated Series 2021B Bonds, but each such Participant will receive a credit balance in the records of DTC in the amount of such Participant's interest in the Series 2021B Bonds, which will be confirmed in accordance with DTC's standard procedures. Each such person for which a Participant has an interest in the Series 2021B Bonds, as nominee, may desire to make arrangements with such Participant to have all notices of redemption or other communications of the City to DTC, which may affect such person, forwarded in writing by such Participant and to have notification made of all interest payments.

The City will have no responsibility or obligation to such Participants or the persons for whom they act as nominees with respect to payment to or providing of notice for such Participants or the persons for whom they act as nominees.

As used herein, the term "Beneficial Owner" shall hereinafter be deemed to include the person for whom the Participant acquires an interest in the Series 2021B Bonds.

DTC will receive payments from the City, to be remitted by DTC to the Participants for subsequent disbursement to the Beneficial Owners. The ownership interest of each Beneficial Owner in the Series 2021B Bonds will be recorded on the records of the Participants whose ownership interest will be recorded on a computerized book-entry system kept by DTC.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given,

they shall be sent by the City to DTC, and DTC shall forward (or cause to be forwarded) the notices to the Participants so that the Participants can forward the same to the Beneficial Owners.

Beneficial Owners will receive written confirmations of their purchases from the Participants acting on behalf of the Beneficial Owners detailing the terms of the Series 2021B Bonds acquired. Transfers of ownership interests in the Series 2021B Bonds will be accomplished by book entries made by DTC and the Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Series 2021B Bonds, except as specifically provided herein. Interest and principal will be paid when due by the City to DTC, then paid by DTC to the Participants and thereafter paid by the Participants to the Beneficial Owners.

Section 5. The Series 2021B Bonds shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA
STATE OF IOWA JASPER COUNTY
CITY OF NEWTON

TAXABLE GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2021B

No. _____ \$ _____

RATE	MATURITY DATE	BOND DATE	CUSIP
_____%	June 1, 20__	April 21, 2021	652810 _____

The City of Newton (the “City”), in Jasper County, State of Iowa, for value received, promises to pay on the maturity date of this Bond to

Cede & Co.
New York, New York

or registered assigns, the principal sum of

THOUSAND DOLLARS

in lawful money of the United States of America upon presentation and surrender of this Bond at the office of BOKF, N.A., Lincoln, Nebraska (hereinafter referred to as the “Registrar” or the “Paying Agent”), with interest on said sum, until paid, at the rate per annum specified above from the date of this Bond, or from the most recent interest payment date on which interest has been paid, on June 1 and December 1 of each year, commencing December 1, 2021, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto. Interest on this Bond is payable to the registered owner appearing on the registration books of the City at the close of business on the fifteenth day of the month next preceding the interest payment date, and shall be paid to the registered owner at the address shown on such registration books. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Registrar.

This Bond is one of a series of Taxable General Obligation Corporate Purpose Bonds, Series 2021B (the “Series 2021B Bonds”) issued by the City to evidence its obligation under a certain loan agreement, dated as of April 21, 2021 (the “Series 2021B Loan Agreement”), entered into by the City for the purpose of paying the cost, to that extent, of acquiring, demolishing and/or restoring dangerous and dilapidated properties.

The Series 2021B Bonds are issued pursuant to and in strict compliance with the provisions of Chapters 76 and 384 of the Code of Iowa, 2021, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution of the City Council, adopted on April 5, 2021, authorizing and approving the Series 2021B Loan Agreement and providing for the issuance and securing the payment of the Series 2021B Bonds (the “Resolution”), and reference is hereby made to the Resolution and the Series 2021B Loan Agreement for a more complete statement as to the source of payment of the Series 2021B Bonds and the rights of the owners of the Series 2021B Bonds.

The City reserves the right to optionally prepay part or all of the principal of the Series 2021B Bonds maturing in the year 2040 prior to maturity on June 1, 2031, or on any date thereafter upon terms of par and accrued interest. Principal of the Bonds maturing on June 1 in the years 2031 and 2040 is subject to mandatory redemption (by lot, as selected by the Registrar) on June 1 in the years 2027, 2028, 2029 and 2030; and 2032, 2033, 2034, 2035, 2036, 2037, 2038 and 2039, respectively, in accordance with the mandatory redemption schedules set forth in the Resolution at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date.

If less than all of the Series 2021B Bonds of any like maturity are to be redeemed, the particular part of those Series 2021B Bonds to be redeemed shall be selected by the Registrar by lot. The Series 2021B Bonds may be called in part in one or more units of \$5,000. If less than the entire principal amount of any Series 2021B Bond in a denomination of more than \$5,000 is to be redeemed, the Registrar will issue and deliver to the registered owner thereof, upon surrender of such original Series 2021B Bond, a new Series 2021B Bond or Series 2021B Bonds, in any authorized denomination, in a total aggregate principal amount equal to the unredeemed balance of the original Series 2021B Bond. Notice of such redemption as aforesaid identifying the Series 2021B Bond or Series 2021B Bonds (or portion thereof) to be redeemed shall be sent by electronic means or by registered mail to the registered owners thereof at the addresses shown on the City's registration books not less than 30 days prior to such redemption date. Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Series 2021B Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Series 2021B Bonds called for redemption in the same manner as the original redemption notice was sent. All of such Series 2021B Bonds as to which the City reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given and for the redemption of which funds are duly provided, shall cease to bear interest on the redemption date.

This Bond is fully negotiable but shall be fully registered as to both principal and interest in the name of the owner on the books of the City in the office of the Registrar, after which no transfer shall be valid unless made on said books and then only upon presentation of this Bond to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form hereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The City, the Registrar and the Paying Agent may deem and treat the registered owner hereof as the absolute owner for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the City, the Registrar and the Paying Agent shall not be affected by any notice to the contrary.

And It Is Hereby Certified and Recited that all acts, conditions and things required by the laws and Constitution of the State of Iowa, to exist, to be had, to be done or to be performed precedent to and in the issue of this Bond were and have been properly existent, had, done and performed in regular and due form and time; that provision has been made for the levy of a sufficient continuing annual tax on all the taxable property within the City for the payment of the principal of and interest on this Bond as the same will respectively become due; and that the total indebtedness of the City, including this Bond, does not exceed any constitutional or statutory limitations.

IN TESTIMONY WHEREOF, the City of Newton, Iowa, by its City Council, has caused this Bond to be executed with the duly authorized facsimile signature of its Mayor and attested with the duly authorized facsimile signature of its City Clerk, as of April 21, 2021.

CITY OF NEWTON, IOWA

By (DO NOT SIGN)

Mayor

Attest:

(DO NOT SIGN)

City Clerk

Registration Date: (Registration Date)

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2021B Bonds described in the within-mentioned Resolution.

BOKF, N.A.
Lincoln, Nebraska
Registrar

By (Authorized Signature)

Authorized Officer

STATEMENT OF INSURANCE

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to BOKF, N.A., Lincoln, Nebraska, or its successor, as paying agent for the Series 2021B Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Resolution or this Bond, BAM shall be deemed to be the sole owner of the Series 2021B Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Series 2021B Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Resolution, at law or in equity.

ABBREVIATIONS

The following abbreviations, when used in this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common	UTMA _____
TEN ENT	-	as tenants by the entireties	(Custodian)
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common	As Custodian for _____ (Minor)
			under Uniform Transfers to Minors Act
			_____ (State)

Additional abbreviations may also be used though not in the list above.

ASSIGNMENT

For valuable consideration, receipt of which is hereby acknowledged, the undersigned assigns this Bond to

(Please print or type name and address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

and does hereby irrevocably appoint _____, Attorney, to transfer this Bond on the books kept for registration thereof with full power of substitution.

Dated: _____

Signature guaranteed:

(Signature guarantee must be provided in accordance with the prevailing standards and procedures of the Registrar and Transfer Agent. Such standards and procedures may require signatures to be guaranteed by certain eligible guarantor institutions that participate in a recognized signature guarantee program.)

NOTICE: The signature to this Assignment must correspond with the name of the registered owner as it appears on this Bond in every particular, without alteration or enlargement or any change whatever.

Section 6. The Series 2021B Bonds shall be executed as herein provided as soon after the adoption of this resolution as may be possible, and thereupon they shall be delivered to the Registrar for registration, authentication and delivery to or on behalf of the Underwriter, upon receipt of the loan proceeds \$430,000, (the “Loan Proceeds”), and all action heretofore taken in connection with the Series 2021B Loan Agreement is hereby ratified and confirmed in all respects. The Loan Proceeds shall be used to pay the costs of issuance of the Series 2021B Bonds and to carry out the D&D Program.

A portion of the Loan Proceeds (\$4,730) shall be retained by the Underwriter as the Underwriter’s Discount.

A portion of the Loan Proceeds (\$702.42) received from the sale of the Bonds shall be used to pay the bond insurance premium to Build America Mutual Assurance Company.

A portion of the Loan Proceeds (\$400,000) received from the sale of the Series 2021B Bonds plus (\$1,698.52) (the “Contingency”) shall be deposited in a dedicated fund (the “Project Fund”), which is hereby created, to be used for the payment of costs of the D&D Program and to the extent that any such proceeds (the “Project Proceeds”) remain after the full payment of the costs of the D&D Program such Project Proceeds, shall be transferred to the Debt Service Fund for the payment of interest on the Series 2021B Bonds.

The Loan Proceeds received as capitalized interest proceeds (\$13,194.06) shall be deposited into the Debt Service Fund for payment of interest on the Series 2021B Bonds as the same becomes due.

The remainder of the Loan Proceeds (\$9,675) (the “Cost of Issuance Proceeds”), received from the sale of the Series 2021B Bonds shall be deposited in the Project Fund, and shall be used for the payment of costs of issuance of the Series 2021B Bonds, and to the extent that Cost of Issuance Proceeds remain after the full payment of the costs of issuance of the Series 2021B Bonds, such Cost of Issuance Proceeds shall be transferred to the Debt Service Fund for the payment of interest on the Series 2021B Bonds.

The City shall keep a detailed and segregated accounting of the expenditure of, and investment earnings on, the Loan Proceeds.

Section 7. 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, there is hereby ordered levied on all the taxable property in the City, the following direct annual tax for collection in each of the following fiscal years:

For collection in the fiscal year beginning July 1, 2021,
sufficient to produce the net annual sum of \$13,195;

For collection in the fiscal year beginning July 1, 2022,
sufficient to produce the net annual sum of \$11,875;

For collection in the fiscal year beginning July 1, 2023,
sufficient to produce the net annual sum of \$11,875;

For collection in the fiscal year beginning July 1, 2024,
sufficient to produce the net annual sum of \$11,875;

For collection in the fiscal year beginning July 1, 2025,
sufficient to produce the net annual sum of \$11,875;

For collection in the fiscal year beginning July 1, 2026,
sufficient to produce the net annual sum of \$36,875;

For collection in the fiscal year beginning July 1, 2027,
sufficient to produce the net annual sum of \$36,319;

For collection in the fiscal year beginning July 1, 2028,
sufficient to produce the net annual sum of \$35,764;

For collection in the fiscal year beginning July 1, 2029,
sufficient to produce the net annual sum of \$40,208;

For collection in the fiscal year beginning July 1, 2030,
sufficient to produce the net annual sum of \$39,541;

For collection in the fiscal year beginning July 1, 2031,
sufficient to produce the net annual sum of \$38,874;

For collection in the fiscal year beginning July 1, 2032,
sufficient to produce the net annual sum of \$37,972;

For collection in the fiscal year beginning July 1, 2033,
sufficient to produce the net annual sum of \$37,069;

For collection in the fiscal year beginning July 1, 2034,
sufficient to produce the net annual sum of \$36,167;

For collection in the fiscal year beginning July 1, 2035,
sufficient to produce the net annual sum of \$40,264;

For collection in the fiscal year beginning July 1, 2036,
sufficient to produce the net annual sum of \$39,212;

For collection in the fiscal year beginning July 1, 2037,
sufficient to produce the net annual sum of \$38,159;

For collection in the fiscal year beginning July 1, 2038,
sufficient to produce the net annual sum of \$37,106; and

For collection in the fiscal year beginning July 1, 2039,
sufficient to produce the net annual sum of \$36,053.

Section 8. A certified copy of this resolution shall be filed with the County Auditor of Jasper County, and the County Auditor is hereby instructed to enter for collection and assess the tax hereby 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 City and when collected, the proceeds of the taxes shall be converted into the Debt Service Fund of the City 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 hereby authorized and for no other purpose whatsoever. Any amount received by the City as accrued interest on the Bonds shall be deposited into such special account and used to pay interest due on the Bonds on the first interest payment date.

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 City, including incremental property tax revenues derived pursuant to Chapter 403 of the Code of Iowa, 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 Section 7 of this Resolution, shall be reduced by the amount of such alternate funds as have been appropriated for such purpose, and evidenced in the City's budget.

Section 9. The interest or principal and both of them falling due in any year or years shall, if necessary, be paid promptly from current funds on hand in advance of taxes levied and when the taxes shall have been collected, reimbursement shall be made to such current funds in the sum thus advanced.

Section 10. The Securities and Exchange Commission (the "SEC") has promulgated certain amendments to Rule 15c2-12 under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) that make it unlawful for an underwriter to participate in the primary offering of municipal securities in a principal amount of \$1,000,000 or more unless, before submitting a bid or entering into a purchase contract for such securities, an underwriter has reasonably determined that the issuer or an obligated person has undertaken in writing for the benefit of the holders of such securities to provide certain disclosure information to prescribed information repositories on a continuing basis so long as such securities are outstanding or unless and to the extent that the offering is exempt from the requirements of the Rule.

On the date of issuance and delivery of the Series 2021B Bonds, the City will execute and deliver a Continuing Disclosure Certificate pursuant to which the City will undertake to comply with the Rule. The City covenants and agrees that it will comply with and carry out the provisions of the Continuing Disclosure Certificate. Any and all of the officers of the City are hereby authorized and directed to take any and all actions as may be necessary to comply with the Rule and the Continuing Disclosure Certificate.

Section 11. The purchasing of bond insurance from Build America Mutual Assurance Company with respect to the Series 2021B Bonds is hereby approved. The Mayor and/or City Clerk and Finance Officer are authorized and directed to execute such documents as they, with advice from bond counsel, deem necessary to carry out the purchasing of the bond insurance.

Provisions Related to Bond Insurance. The following provisions shall govern, notwithstanding anything to the contrary set forth in this resolution.

1. Notice and Other Information to be given to BAM. The Issuer will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement and (ii) to the holders of Insured Obligations or the Trustee under the Security Documents.

The notice address of BAM is: Build America Mutual Assurance Company, 200 Liberty Street, 27th Floor, New York, NY 10281, Attention: Surveillance, Re: Policy No. _____, Telephone: (212) 235-2500, Telecopier: (212) 235-1542, Email: notices@buildamerica.com. In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 235-5214 and shall be marked to indicate “URGENT MATERIAL ENCLOSED.”

2. Amendments, Supplements and Consents.

a. *Amendments.* Wherever any Security Document requires the consent of Bondholders, BAM’s consent shall also be required. In addition, any amendment, supplement or modification to the Security Documents that adversely affect the rights or interests of BAM shall be subject to the prior written consent of BAM.

b. *Consent of BAM Upon Default.* Anything in any Security Document to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole holder of the Series 2021B Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Series 2021B Bonds or the trustee, paying agent, registrar, or similar agent (the “Trustee”) for the benefit of such holders under any Security Document. The Trustee may not waive any default or event of default or accelerate the Insured Obligations without BAM’s written consent.

3. BAM As Third Party Beneficiary. BAM is explicitly recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce any right, remedy or claim conferred, given or granted thereunder.

4. Policy Payments.

a. In the event that principal and/or interest due on the Series 2021B Bonds shall be paid by BAM pursuant to the Policy, the Series 2021B Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such registered owners including, without limitation, any rights that such owners

may have in respect of securities law violations arising from the offer and sale of the Series 2021B Bonds.

b. Irrespective of whether any such assignment is executed and delivered, the Issuer and the Trustee shall agree for the benefit of BAM that:

i. They recognize that to the extent BAM makes payments directly or indirectly (e.g., by paying through the Trustee), on account of principal of or interest on the Series 2021B Bonds, BAM will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Issuer, with interest thereon, as provided and solely from the sources stated in the Security Document and the Series 2021B Bonds; and

ii. They will accordingly pay to BAM the amount of such principal and interest, with interest thereon, but only from the sources and in the manner provided in the Security Documents and the Series 2021B Bonds for the payment of principal of and interest on the Series 2021B Bonds to holders, and will otherwise treat BAM as the owner of such rights to the amount of such principal and interest.

c. *Special Provisions for Insurer Default:* If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraph B above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other holder of the Series 2021B Bonds for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph (3), “Insurer Default” means: (A) BAM has failed to make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the

rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

5. Definitions. For the purposes of this section, the following terms shall have the meaning as set forth below:

“BAM” shall mean Build America Mutual Assurance Company, or any successor thereto.

“Policy” shall mean the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Series 2021B Bonds when due.

“Security Documents” shall mean the resolution, loan agreement, bond and/or any additional or supplemental document executed in connection with the Series 2021B Bonds.

Section 12. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 13. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved April 5, 2021.

Mayor

Attest:

City Clerk

PAYING AGENT AND REGISTRAR AGREEMENT – TAXABLE SERIES 2021B

This Agreement is made and entered into as of April 21, 2021, by and between the City of Newton, Iowa (the “Issuer”), and BOKF, National Association, Lincoln, Nebraska (the “Registrar”).

WITNESSETH:

WHEREAS, the Issuer has authorized the issuance of \$430,000 of its Taxable General Obligation Corporate Purpose Bonds, Series 2021B, dated April 21, 2021 (the “Bonds”), by a resolution duly adopted by the City Council of the Issuer (the “Resolution”), and requires the services of a Paying Agent and Registrar for said issue; and

WHEREAS, the Registrar is willing to provide services as Paying Agent and Registrar pursuant to the terms of this Agreement and the Resolution in consideration for the compensation described in this Agreement;

NOW THEREFORE, the Issuer and the Registrar do hereby agree as follows:

1. The Registrar agrees that it shall maintain on behalf of the Issuer books of record in which the registered owners of the Bonds and their registered addresses shall be duly recorded.
2. The Registrar agrees that it shall serve as Paying Agent for the Issuer in making the payments of principal and interest falling due on the Bonds. The Issuer shall, not later than five days before each interest and principal payment date on the Bonds, deposit with the Registrar an amount sufficient to make such payment and the Registrar shall apply such deposit by mailing a check or draft to each of the registered owners of the Bonds as shown on the books of record maintained pursuant to Section 1 hereof for the appropriate amounts of interest due on each respective Bond and by paying principal upon presentation, all in accordance with the Resolution. Payment made to the Depository or its nominee as defined and described in the Resolution shall be made as described in the Resolution and as described in Section 13 below.
3. The Registrar hereby accepts and agrees to perform all duties directed by the Resolution to be performed by the “Paying Agent” and “Registrar” as defined in the Resolution (specifically including, without limitation, duties relating to bond insurance) and the terms of the Resolution are hereby incorporated by reference.
4. The Registrar shall make the initial registration of the Bonds upon written directions from the original purchaser thereof as designated in the Resolution.
5. Transfer of the Bonds shall be registered pursuant to the limitations prescribed in the Resolution, upon surrender to the Registrar of any outstanding Bond in form deemed by the Registrar properly endorsed for transfer with all necessary signatures guaranteed in such manner and form as the Registrar may require by a signature guarantor reasonably believed by Registrar to be responsible, accompanied by such assurances as the Registrar shall deem necessary or

appropriate to evidence the genuineness and effectiveness of each necessary signature and, if deemed appropriate by the Registrar, satisfactory evidence of compliance with all applicable laws relating to the collection of taxes. In registering transfer of the Bonds, the Registrar may rely upon the Uniform Commercial Code or any other statutes which in the opinion of counsel protect the Registrar and the Issuer in not requiring complete documentation, in registering Bonds without inquiry into adverse claims, in delaying registration for purposes of such inquiry, or in refusing registration where in Registrar's judgment an adverse claim requires such refusal.

6. As provided by law, the books of registration maintained by the Registrar shall not be deemed public records and shall be available for inspection solely pursuant to a court order or a subpoena of any governmental agency having jurisdiction to issue such subpoena.

7. At least annually, the Registrar shall give a report to the Issuer accounting for all funds received and disbursements made. The Registrar shall maintain customary records in connection with its exercise of its duties under this Agreement and the Resolution.

8. At any time, the Registrar may apply to the Issuer for instructions and may consult with the Issuer's attorney or the Registrar's own counsel in respect to any matter arising in connection with its duties under this Agreement and the Resolution and the Registrar shall not be liable or accountable for any action taken or omitted by it in good faith in accordance with such instructions or with the opinion of such counsel. The Registrar may rely on any paper or document reasonably believed by it to be genuine and to have been signed by the proper person or persons.

9. The Issuer agrees to pay any expenses reasonably incurred by the Registrar in connection with the performance of its duties under this Agreement and the Resolution including counsel fees, and in addition shall pay the Registrar as compensation for its services as shown on the attached schedule.

10. Any corporation or association into which the Registrar may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a part, shall ipso facto, be and become successor Registrar hereunder and vested with all of the trusts, powers, discretion, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

11. The Issuer shall have the right to remove the Registrar in the event of a material breach of the Registrar's duties under this Agreement and the Resolution and the continued service by the Registrar shall also be subject to the provisions of the Resolution. In such event, the Issuer shall have the right to designate a successor and the Registrar hereby agrees that it shall turn over all of its records with respect to the Bonds to any such successor upon request by the Issuer.

12. This Agreement shall terminate when the Bonds have been paid in full. The Registrar shall have no duties with respect to the investment of monies paid to it under this Agreement and the Resolution except as may be otherwise agreed between the Registrar and the Issuer. Any deposit of such monies shall be either fully insured by insurance at the Federal Deposit Insurance Corporation or fully secured in the manner required by law for deposit of funds of the Issuer. Any such deposit may be in an account maintained with the Registrar.

13. Under the terms of the Resolution, the Bonds are to be issued initially as “book-entry-only bonds” using the services of The Depository Trust Company (the “Depository”) and initially the entire issue of the Bonds shall be registered in the name of Cede & Co., as nominee for the Depository, with one typewritten bond for each separate stated maturity. Payment of semiannual interest for any Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the interest payment date for the Bonds at the address (wire instruction) shown in the Registrar’s books of registration for Cede & Co. as registered owner in accordance with the Depository’s procedures as in effect from time to time. The Registrar agrees that it will execute and observe the terms and conditions of the Letter of Representations (the “Letter of Representations”) as authorized by the Resolution. The Letter of Representations may be in the form of separate undertakings executed by the Registrar and the Issuer in connection with services provided by the Depository.

The Registrar and the Issuer may treat the Depository (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Resolution, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Registrar nor the Issuer shall be affected by any notice to the contrary. Neither the Registrar nor the Issuer shall have any responsibility or obligation to any participant of the Depository (“Participant”), any person claiming a beneficial ownership interest in the Bonds under or through the Depository or any Participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder, with respect to the accuracy of any records maintained by the Depository or any Participant; the payment by the Depository or any Participant or any amount in respect of the principal of or interest on the Bonds; any notice which is permitted or required to be given to Bondholders under the Resolution; the selection by the Depository or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by the Depository as Bondholder. The Registrar shall pay all principal of and interest on the Bonds only to the Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer’s obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. Except under the conditions directed below, no person other than the Depository shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the Issuer to make payments of principal of and interest pursuant to the Resolution. Upon delivery by the Depository to the Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in the place of Cede & Co., and subject to the provisions in the Resolution with respect to Record Dates, the term “Cede & Co.” in this Agreement shall refer to such new nominee of the Depository. If the Depository gives notice to the Issuer or the Registrar pursuant to the Letter of Representations that it will

discontinue providing its services as securities depository with respect to the Bonds, the Issuer shall either appoint a successor securities depository or terminate the book-entry system for the Bonds under the following conditions:

(a) Any successor securities depository must be a clearing agency registered with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934 and must enter into an agreement with the Issuer and the Registrar agreeing to act as the depository and clearing agency for all the Bonds. After such agreement has become effective, the Depository shall present the Bonds for registration of transfer in accordance with the Resolution and the Registrar shall register them in the name of the successor securities depository or its nominee. If a successor securities depository has not accepted such position prior to the effective date of the Depository's termination of its services, the book-entry system shall automatically terminate.

(b) If the Issuer elects to terminate the book-entry system for the Bonds, it shall so notify the Registrar in writing. Thereafter, upon presentation of the Bonds, or any of them, by the Depository or its nominee to the Registrar for registration of transfer in accordance with the Resolution, the Registrar shall register the transfer in accordance with the Resolution and all provisions of this Section 13 shall immediately cease to be in effect.

The Issuer may elect to terminate the book-entry system for the Bonds at any time by giving written notice to the Depository and the Registrar. On the effective date of such termination, the provisions of this Section 13 shall cease to be in effect, except that the Registrar shall continue to comply with applicable provisions of the Letter of Representations with respect to the Bonds as to which the Depository remains the registered owner. After such termination, the Registrar shall, upon presentation of the Bonds by the Depository or its nominee for registration of transfer or exchange in accordance with the Resolution make such transfer or exchange in accordance with the Resolution. Upon the appointment of a successor securities depository or termination of the book-entry system, the Registrar shall give notice of such event to the registered owners of the Bonds (through the Depository) and (1) of the name and address of the successor securities depository or (2) that the Bonds may now be obtained by the beneficial owners of the Bonds, or their nominees, upon proper instructions being given to the Depository by the relevant Participant and compliance by the Depository with the provisions of the Resolution regarding registration of transfers. Notwithstanding any other provision of this Agreement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of the Depository (or any successor nominee), all payments with respect to the principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations. In connection with any notice or other communication to be provided to Bondholders pursuant to the Resolution by the Issuer or the Registrar with respect to any consent or other action to be taken by Bondholders, the Issuer or the Registrar, as the case may be, shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

14. If any one or more of the covenants or agreements to be performed by either of the parties to this Agreement shall be determined by a court of competent jurisdiction to be unenforceable, such covenants or agreement shall be deemed and construed to be severable from the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Agreement.

15. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

16. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa.

IN WITNESS WHEREOF, the parties hereto have each caused this Paying Agent and Registrar Agreement to be executed by their duly authorized officers and attested as of the date first above written.

CITY OF NEWTON, IOWA

ATTEST:

By: _____
Mayor

City Clerk

BOKF, National Association, Lincoln, Nebraska
Paying Agent and Registrar

By _____
Authorized Officer

BOK FINANCIAL

Trustee, PAYING AGENT, BOND REGISTRAR AND TRANSFER AGENT FEE SCHEDULE

ADMINISTRATION FEE – PAYING AGENT

• Book Entry Bonds	\$300 initial/\$450 annual
• Registered/Private Placement Bonds	\$300 initial/\$700 annual

ADMINISTRATION FEE – TRUSTEE / PAYING AGENT

• Book Entry Bonds	\$750 initial/\$1,250 annual
• Registered/Private Placement Bonds	\$750 initial/\$1,500 annual

* Initial Fees paid at Closing

* Annual Fees paid at Interest/Principal Dates

ADDITIONAL SERVICES

• Placement of CDs or Sinking Funds	Included in Annual Fee
• Optional or Partial Redemption	Included in Annual Fee
• Mandatory Redemption	Included in Annual Fee
• Early Termination/Full Call	Included in Annual Fee
• Paying Costs of Issuance	Included in Annual Fee

SERVICES AVAILABLE UPON REQUEST

• Dissemination Agent	\$250 Annual Fee
• Tax credit bond filing	\$350 Annual Fee
• Disbursement Agent	Included in Annual Fee
• Disbursement Agent wires/check	Included in Annual Fee

Reasonable charges will be made for additional services or reports not contemplated at the time of execution of the Agreement or not covered specifically elsewhere in this schedule. Extraordinary out-of-pocket expenses will be charged at cost. However, this does not include ordinary out-of-pocket expenses such as normal postage and supplies, which are included in the annual fees quoted above.

SERIES 2021B LOAN AGREEMENT

This Series 2021B Loan Agreement is entered into as of April 21, 2021, by and between the City of Newton, Iowa (the "City"), and D.A. Davidson & Co., Des Moines, Iowa, as Purchaser (the "Purchaser"). The parties agree as follows:

1. The Purchaser shall loan to the City the sum of \$430,000, and the City's obligation to repay hereunder shall be evidenced by the issuance of Taxable General Obligation Corporate Purpose Bonds, Series 2021B, in the aggregate principal amount of \$430,000 (the "Series 2021B Bonds").

2. The City adopted a resolution on April 5, 2021 (the "Resolution") authorizing and approving this Loan Agreement and providing for the issuance of the Bonds and the levy of taxes to pay the principal of and interest on the Bonds for the purpose or purposes set forth in the Resolution. The Resolution is incorporated herein by reference, and the parties agree to abide by the terms and provisions of the Resolution. In and by the Resolution, provision has been made for the levy of a sufficient continuing annual tax on all the taxable property within the City for the payment of the principal of and interest on the Bonds as the same will respectively become due.

3. The Series 2021B Bonds, in substantially the form set forth in the Resolution, shall be executed and delivered to or upon the direction of the Purchaser to evidence the City's obligation to repay the amounts payable hereunder. The Series 2021B Bonds shall be dated April 21, 2021, shall be in denominations of \$5,000 or integral multiples thereof, shall bear interest, shall be payable as to principal on the dates and in the amounts, shall be subject to prepayment prior to maturity and shall contain such other terms and provisions as provided in the Series 2021B Bonds and the Resolution.

4. This Loan Agreement is executed pursuant to the provisions of Section 384.24A of the Code of Iowa and shall be read and construed as conforming to all provisions and requirements of the statute.

IN WITNESS WHEREOF, we have hereunto affixed our signatures all as of the date first above written.

CITY OF NEWTON, IOWA

By _____
Mayor

Attest:

City Clerk

D.A. DAVIDSON & CO.
Des Moines, Iowa

By _____

(Print Name and Title)

City of Newton Council Report

Item: Resolution providing for issuance of \$4,840,000 Sewer Revenue Bonds, Series 2021C

Summary: Resolution providing for issuance of \$4,840,000 Sewer Revenue Bonds, Series 2021C

Financial Impact: Issuance of Sewer Revenue Bonds, Series 2021C to be repaid solely with revenues produced from the City's Sewer Fund



Report Number: 21-100

Date: April 5, 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. The issuance of the bonds is the final step in the bonding process.

The proposed 2021C Sewer Revenue Bonds include the following projects:

- Jet/Vac Truck Replacement
- WPC Plant Improvements
- WPC SW Sewage Pump Station Pumps

Recommendation:

Staff recommends issuance of Sewer Revenue Bonds, Series 2021C.

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

Matt Muckler
City Administrator

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.

\$4,840,000
City of Newton, Iowa
Sewer Revenue Bonds, Series 2021C

Dated Date: Date of Delivery**Due:** As shown on inside cover

The \$4,840,000 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 15, 2021.

\$4,840,000
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	\$ 85,000	2.000%	0.400%	652840 AW9	June 1, 2031	\$305,000	2.000%	1.360%	652840 BD0
June 1, 2025	\$ 85,000	2.000%	0.550%	652840 AX7	June 1, 2032	\$310,000	2.000%	1.420%	652840 BE8
June 1, 2026	\$ 85,000	2.000%	0.700%	652840 AY5	June 1, 2033	\$315,000	2.000%	1.480%	652840 BF5
June 1, 2027	\$ 85,000	2.000%	0.850%	652840 AZ2	June 1, 2034	\$325,000	2.000%	1.590%	652840 BG3
June 1, 2028	\$260,000	2.000%	0.970%	652840 BA6	June 1, 2035	\$330,000	2.000%	1.660%	652840 BH1
June 1, 2029	\$265,000	2.000%	1.110%	652840 BB4	June 1, 2036	\$335,000	2.000%	1.750%	652840 BJ7
June 1, 2030	\$265,000	2.000%	1.280%	652840 BC2	June 1, 2037	\$345,000	2.000%	1.840%	652840 BK4

\$705,000 2.000% Term Bond due June 1, 2039, Yield 2.000%, CUSIP* 652840 BL2

\$740,000 3.000% Term Bond due June 1, 2041, Yield 1.850%, CUSIP* 652840 BM0

* 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

\$4,840,000
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 \$4,840,000 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 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:

Term Bond Maturing June 1, 2039

<u>Date</u>	<u>Amount</u>
June 1, 2038	\$350,000
June 1, 2039 (maturity)	\$355,000

Term Bond Maturing June 1, 2041

<u>Date</u>	<u>Amount</u>
June 1, 2040	\$365,000
June 1, 2041 (maturity)	\$375,000

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 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 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 if so required by the purchaser of such Parity Obligations at the time of their issuance. 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.

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 mature, or shall be redeemed, within three (3) months of the date of such refunding and no other funds are available to pay such maturing Bonds or Parity Obligations, or the issuance of the refunding obligations will not cause an increase in the annual debt service requirements during the life of any of the Bonds or any Parity Obligations then outstanding which are not being refunded, but otherwise any Parity Obligations shall only be issued subject to the restrictions of this resolution.

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 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 UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE"), 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 AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Merger of MAC into AGM

AGM and MAC have received approval to merge MAC into AGM, with AGM as the surviving company. The merger is expected to be effective on April 1, 2021. MAC is currently an indirect subsidiary of AGM. AGM's affiliate, Assured Guaranty Corp., a Maryland- domiciled insurance company ("AGC"), indirectly owns 39.3% of MAC. In connection with the merger transaction, AGM and AGC will each reassume the remaining outstanding par they ceded to MAC in 2013, and AGC will sell its share of MAC to AGM. AGM will then cause MAC to merge with and into AGM. Once the merger is completed, all of MAC's direct insured par exposure will become insured obligations of AGM.

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 MFPSI (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	\$4,840,000.00
	205,764.95
Total Sources of Funds	<u>\$5,045,764.95</u>
 Uses of Funds	
Project Fund	\$4,920,000.00
Reserve Fund ⁽¹⁾	8,540.40
Costs of Issuance, Bond Insurance & Contingency ⁽²⁾	117,224.55
Total Uses of Funds	<u>\$5,045,764.95</u>

(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.

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 serial bonds maturing in the years 2024 through 2037, inclusive, and the term bond maturing in the year 2041 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.

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 has assigned 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 \$4,992,524.95 (reflecting the par amount of the Bonds with original issue premium of \$205,764.95 and an underwriter’s discount of \$53,240.00).

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

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

MISCELLANEOUS

Brief descriptions or summaries of the Issuer, the Bonds, the Resolution and other documents, agreements and statutes are included in this Official Statement. The summaries or references herein to the Bonds, the Resolution and other documents, agreements and statutes referred to herein, and the description of the Bonds included herein, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their 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/ Matt Muckler

City Administrator

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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 \$1,364,601 produce a debt service coverage ratio of 2.98 times the maximum annual debt service on the Series 2021C Bonds and parity obligations of \$457,418.

	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	2,976,127
Miscellaneous	18,270	-	-	-	-
Total Operating Revenues	2,599,685	2,552,667	2,744,092	2,764,210	2,976,127
OPERATING EXPENDITURES					
Business Type Activities	1,414,669	1,487,064	1,429,240	1,571,044	1,651,038
Total Operating Expenditures	1,414,669	1,487,064	1,429,240	1,571,044	1,651,038
Net Operating Income	1,185,016	1,065,603	1,314,852	1,193,166	1,325,089
Non-Operating Items					
Interest on Investments	7,014	6,045	11,092	14,879	13,224
Other Non-Operating Revenue	-	27,647	24,834	26,508	26,288
Total Non-Operating Items	7,014	33,692	35,926	41,387	39,512
Revenue Available for Debt Service	1,192,030	1,099,295	1,350,778	1,234,553	1,364,601
Sewer Debt Service	349,558	350,608	332,806	336,211	339,235
Debt Service Coverage	3.41 X	3.14 X	4.06 X	3.67 X	4.02 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	2,722,000	Water Pollution Control Improvements (SRF Loan)	6/27	1,083,000
1/10	548,000	Water Pollution Control Improvements (SRF Loan)	6/37	271,000
4/21C	4,840,000	Improvements	6/41	4,840,000
			Total	\$6,624,000

Sewer Revenue Debt Service Requirements

Fiscal Year	Outstanding Parity Obligations		Sewer Revenue Bonds, Series 2021C		Total Principal and Interest
	Principal	Interest	Principal	Interest	
2021	\$302,000	\$17,840			\$319,840
2022	312,000	29,640		\$115,778	457,418
2023	323,000	23,400		104,200	450,600
2024	180,000	16,940	\$85,000	104,200	386,140
2025	186,000	13,340	85,000	102,500	386,840
2026	193,000	9,620	85,000	100,800	388,420
2027	198,000	5,760	85,000	99,100	387,860
2028	29,000	1,800	260,000	97,400	388,200
2029	30,000	1,220	265,000	92,200	388,420
2030	<u>31,000</u>	<u>620</u>	265,000	86,900	383,520
2031			305,000	81,600	386,600
2032			310,000	75,500	385,500
2033			315,000	69,300	384,300
2034			325,000	63,000	388,000
2035			330,000	56,500	386,500
2036			335,000	49,900	384,900
2037			345,000	43,200	388,200
2038			350,000	36,300	386,300
2039			355,000	29,300	384,300
2040			365,000	22,200	387,200
2041			<u>375,000</u>	<u>11,250</u>	<u>386,250</u>
Total	\$1,784,000	\$120,180	\$4,840,000	\$1,441,128	\$8,185,308

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 \$4,840,000, 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	\$ 85,000	___%	2032	\$310,000	___%
2025	\$ 85,000	___%	2033	\$315,000	___%
2026	\$ 85,000	___%	2034	\$325,000	___%
2027	\$ 85,000	___%	2035	\$330,000	___%
2028	\$260,000	___%	2036	\$335,000	___%
2029	\$265,000	___%	2037	\$345,000	___%
2030	\$265,000	___%	2039	\$705,000	___%
2031	\$305,000	___%	2041	\$740,000	___%

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 \$4,840,000 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

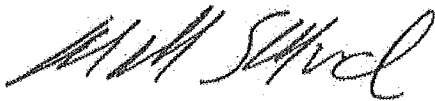
INDEPENDENT AUDIT

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

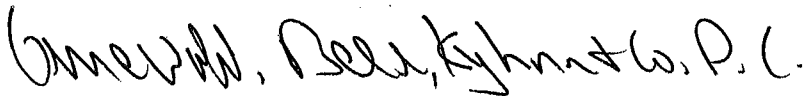
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Newton's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the five 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.

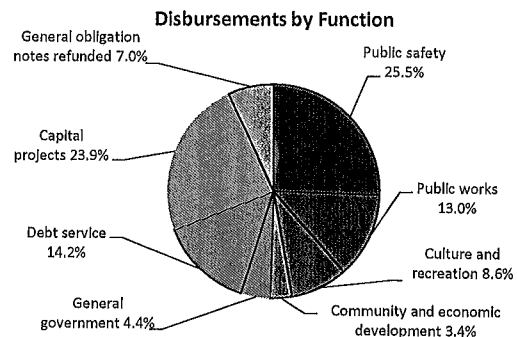
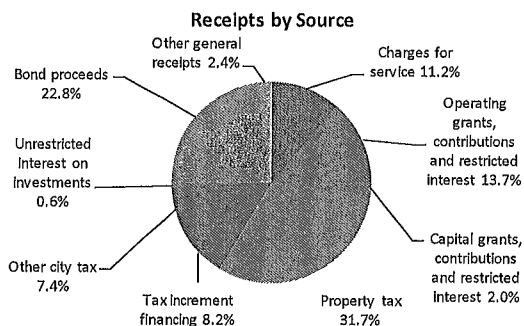
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

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			

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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

	General	Employee Benefits	Special Revenue 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>

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<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	100%	

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

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	<u>123</u>
Total	<u>126</u>

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.

<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>

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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		2015A Urban Renewal Bonds		2015B Urban Renewal Bonds		2017A Urban Renewal Bonds	
Issued June 18, 2014		Issued June 30, 2015		Issued June 30, 2015		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		2019A Urban Renewal Bonds		2019B Urban Renewal Bonds		2019C Refunding Bonds	
Issued May 24, 2018		Issued April 16, 2019		Issued April 16, 2019		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>

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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
<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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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, John W. P. C.

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
June 30	Per Census										
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)

RESOLUTION NO. 2021-_____

Resolution authorizing and approving a Loan Agreement and providing for the issuance and securing the payment of \$4,840,000 Sewer Revenue Bonds, Series 2021C

WHEREAS, the City of Newton (the “City” and sometimes hereinafter referred to as, the “Issuer”), 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 “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 has been prepared to set forth the terms of the Bonds and the understanding between the City and the Underwriter, and the City has authorized, executed and delivered this Agreement; and

WHEREAS, it is now necessary to make final provision for approval of the Loan Agreement, to authorize the issuance of the Bonds and to approve commitments for municipal bond insurance policies issued by Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof (the “Bond Insurer” or “Insurer”) and related agreements with respect to (a) insuring the payment of the debt service on the Bonds and (b) insuring the payment of the Series 2021C Required Reserve Account Balance (as defined herein);

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

Section 1. The City shall enter into the Loan Agreement with the Underwriter in substantially the form attached hereto, providing for a loan to the City in the amount of \$4,840,000 for the purposes as set forth in the preamble hereof.

The Mayor and City Clerk are hereby authorized and directed to sign the Loan Agreement on behalf of the City, and the Loan Agreement is hereby approved.

Section 2. The Bonds, in the aggregate principal amount of \$4,840,000, are hereby authorized to be issued in evidence of the obligation of the City under the Loan Agreement. The Bonds shall be dated April 21, 2021, shall be issued in the denomination of \$5,000 each, or any integral multiple thereof, and shall mature on June 1 in each of the years, in the respective principal amounts, and bear interest 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	\$85,000	2.00%	2032	\$310,000	2.00%
2025	\$85,000	2.00%	2033	\$315,000	2.00%
2026	\$85,000	2.00%	2034	\$325,000	2.00%
2027	\$85,000	2.00%	2035	\$330,000	2.00%
2028	\$260,000	2.00%	2036	\$335,000	2.00%
2029	\$265,000	2.00%	2037	\$345,000	2.00%
2030	\$265,000	2.00%	2039	\$705,000	2.00%
2031	\$305,000	2.00%	2041	\$740,000	3.00%

Section 3. BOKF, N.A., Lincoln, Nebraska, is hereby designated as the Registrar and Paying Agent for the Bonds and may be hereinafter referred to as the “Registrar” or the “Paying Agent” in such capacities. The City shall enter into an agreement (the “Registrar/Paying Agent Agreement”) with the Registrar, in substantially the form as has been placed on file with the City Council; the Mayor and City Clerk are hereby authorized and directed to sign the Registrar/Paying Agent Agreement on behalf of the City; and the Registrar/Paying Agent Agreement is hereby approved.

The City reserves the right to optionally prepay part or all of the principal of the Bonds maturing in the years 2030 through 2041, inclusive, prior to and in any order of maturity on June 1, 2029, or on any date thereafter upon terms of par and accrued interest. If less than all of the Bonds of any like maturity are to be redeemed, the particular part of those Bonds to be redeemed shall be selected by the Registrar by lot. The Bonds may be called in part in one or more units of \$5,000.

Principal of the Bond maturing on June 1, 2039 is subject to mandatory redemption (by lot, as selected by the Registrar) on June 1, 2038, 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>Year</u>	<u>Principal Amount</u>
2038	\$350,000
2039	\$355,000 (Maturity)

Principal of the Bond maturing on June 1, 2041 is subject to mandatory redemption (by lot, as selected by the Registrar) on June 1, 2040, 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>Year</u>	<u>Principal Amount</u>
2040	\$365,000
2041	\$375,000 (Maturity)

If less than the entire principal amount of any Bond in a denomination of more than \$5,000 is to be redeemed, the Registrar will issue and deliver to the registered owner thereof, upon surrender of such original Bond, a new Bond or Bonds, in any authorized denomination, in a total aggregate principal amount equal to the unredeemed balance of the original Bond. Notice of such redemption as aforesaid identifying the Bond or Bonds (or portion thereof) to be redeemed shall be sent by electronic means or mailed by certified mail to the registered owners thereof at the addresses shown on the City's registration books not less than 30 days prior to such redemption date. Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was sent. All of such Bonds as to which the City reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given and for the redemption of which funds are duly provided, shall cease to bear interest on the redemption date.

Accrued interest on the Bonds shall be payable semiannually on the first day of June and December in each year, commencing December 1, 2021. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. Payment of interest on the Bonds shall be made to the registered owners appearing on the registration books of the City at the close of business on the fifteenth day of the month next preceding the interest payment date and shall be

paid to the registered owners at the addresses shown on such registration books. Principal of the Bonds shall be payable in lawful money of the United States of America to the registered owners or their legal representatives upon presentation and surrender of the Bond or Bonds at the office of the Paying Agent.

The Bonds shall be executed on behalf of the City with the official manual or facsimile signature of the Mayor and attested with the official manual or facsimile signature of the City Clerk, and shall be fully registered Bonds without interest coupons. The issuance of the Bonds shall be recorded in the office of the City Treasurer, and the certificate on the back of each Bond shall be executed with the official manual or facsimile signature of the City Treasurer. In case any officer whose signature or the facsimile of whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The Bonds shall not be valid or become obligatory for any purpose until the Certificate of Authentication thereon shall have been signed by the Registrar.

All of the Bonds and the interest thereon, together with the Outstanding Notes and any additional obligations as may be hereafter issued and outstanding from time to time ranking on a parity therewith under the conditions set forth herein (which additional obligations are hereinafter sometimes referred to as "Parity Obligations"), shall be payable solely from the Net Revenues of the Utility and the Sinking Fund hereinafter referred to, both of which are hereby pledged to the payment of the Bonds. The Bonds shall be a valid claim of the owners thereof only against said Net Revenues and Sinking Fund. None of the Bonds shall be a general obligation of the City, nor payable in any manner by taxation, and under no circumstances shall the City be in any manner liable by reason of the failure of the Net Revenues of the Utility to be sufficient for the payment in whole or in part of the Bonds and the interest thereon.

The Bonds shall be fully registered as to principal and interest in the names of the owners on the registration books of the City kept by the Registrar, and after such registration, payment of the principal thereof and interest thereon shall be made only to the registered owners, or their legal representatives or assigns. Each Bond shall be transferable only upon the registration books of the City upon presentation to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form thereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The record and identity of the owners of the Bonds shall be kept confidential as provided by Section 22.7 of the Code of Iowa.

Section 4. Notwithstanding anything above to the contrary, the Bonds shall be issued initially as Depository Bonds, with one fully registered Bond for each maturity date, in principal amounts equal to the amount of principal maturing on each such date, and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). On original issue, the Bonds shall be deposited with DTC for the purpose of maintaining a book-entry system for recording the ownership interests of its participants and the transfer of those interests among its participants (the "Participants"). In the event that DTC determines not to

continue to act as securities depository for the Bonds or the City determines not to continue the book-entry system for recording ownership interests in the Bonds with DTC, the City will discontinue the book-entry system with DTC. If the City does not select another qualified securities depository to replace DTC (or a successor depository) in order to continue a book-entry system, the City will register and deliver replacement bonds in the form of fully registered certificates, in authorized denominations of \$5,000 or integral multiples of \$5,000, in accordance with instructions from Cede & Co., as nominee for DTC. In the event that the City identifies a qualified securities depository to replace DTC, the City will register and deliver replacement bonds, fully registered in the name of such depository, or its nominee, in the denominations as set forth above, as reduced from time to time prior to maturity in connection with redemptions or retirements by call or payment, and in such event, such depository will then maintain the book-entry system for recording ownership interests in the Bonds.

Ownership interest in the Bonds may be purchased by or through Participants. Such Participants and the persons for whom they acquire interests in the Bonds as nominees will not receive certificated Bonds, but each such Participant will receive a credit balance in the records of DTC in the amount of such Participant's interest in the Bonds, which will be confirmed in accordance with DTC's standard procedures. Each such person for which a Participant has an interest in the Bonds, as nominee, may desire to make arrangements with such Participant to have all notices of redemption or other communications of the City to DTC, which may affect such person, forwarded in writing by such Participant and to have notification made of all interest payments.

The City will have no responsibility or obligation to such Participants or the persons for whom they act as nominees with respect to payment to or providing of notice for such Participants or the persons for whom they act as nominees.

As used herein, the term "Beneficial Owner" shall hereinafter be deemed to include the person for whom the Participant acquires an interest in the Bonds.

DTC will receive payments from the City, to be remitted by DTC to the Participants for subsequent disbursement to the Beneficial Owners. The ownership interest of each Beneficial Owner in the Bonds will be recorded on the records of the Participants whose ownership interest will be recorded on a computerized book-entry system kept by DTC.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the City to DTC, and DTC shall forward (or cause to be forwarded) the notices to the Participants so that the Participants can forward the same to the Beneficial Owners.

Beneficial Owners will receive written confirmations of their purchases from the Participants acting on behalf of the Beneficial Owners detailing the terms of the Bonds acquired. Transfers of ownership interest in the Bonds will be accomplished by book entries made by DTC and the Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except as specifically

provided herein. Interest and principal will be paid when due by the City to DTC, then paid by DTC to the Participants and thereafter paid by the Participants to the Beneficial Owners.

Section 5. The Bonds shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA
STATE OF IOWA **COUNTY OF JASPER**
CITY OF NEWTON

SEWER REVENUE BOND, SERIES 2021C

No. _____ \$ _____

RATE	MATURITY DATE	BOND DATE	CUSIP
_____ %	June 1, _____	April 21, 2021	652840 _____

The City of Newton (the "City"), in Jasper County, State of Iowa, for value received, promises to pay on the maturity date of this Bond to

Cede & Co.
New York, New York

or registered assigns, the principal sum of

THOUSAND DOLLARS

in lawful money of the United States of America upon presentation and surrender of this Bond at the office of BOKF, N.A., Lincoln, Nebraska (hereinafter referred to as the "Registrar" or the "Paying Agent") with interest on said sum, until paid, at the rate per annum specified above from the date of this Bond, or from the most recent interest payment date on which interest has been paid, on June 1 and December 1 of each year, commencing December 1, 2021, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto. Interest on this Bond is payable to the registered owner appearing on the registration books of the City at the close of business on the fifteenth day of the month next preceding the interest payment date, and shall be paid to the registered owner at the address shown on such registration books. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Registrar.

This Bond is one of a series of Sewer Revenue Bonds, Series 2021C (the "Bonds") issued by the City to evidence its obligation under a certain Loan Agreement, dated as of April 21, 2021 (the "Loan Agreement") entered into by the City for the purpose of paying the cost, to that extent, of undertaking improvements to, and acquiring equipment for, the City's Municipal Sanitary Sewer Utility System (the "Utility").

The Bonds are issued pursuant to and in strict compliance with the provisions of Chapter 384 of the Code of Iowa, 2021, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution of the City Council authorizing and approving the Loan Agreement and providing for the issuance and securing the payment of the Bonds (the "Resolution"), and reference is hereby made to the Resolution and the Loan Agreement for a more complete statement as to the source of payment of the Bonds and the rights of the owners of the Bonds.

The City reserves the right to optionally prepay part or all of the Bonds maturing on June 1 in each of the years 2030 through 2041, inclusive, prior to and in any order of maturity on June 1, 2029, or on any date thereafter upon terms of par and accrued interest. If less than all of the Bonds of any like maturity are to be redeemed, the particular part of those Bonds to be redeemed shall be selected by the Registrar by lot. The Bonds may be called in part in one or more units of \$5,000. Principal of the Bonds maturing on June 1 in the years 2039 and 2041 is subject to mandatory redemption (by lot, as selected by the Registrar) on June 1 in each of the years 2038 and 2040, respectively, in accordance with the mandatory redemption schedules set forth in the Resolution at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date.

If less than the entire principal amount of any Bond in a denomination of more than \$5,000 is to be redeemed, the Registrar will issue and deliver to the registered owner thereof, upon surrender of such original Bond, a new Bond or Bonds, in any authorized denomination, in a total aggregate principal amount equal to the unredeemed balance of the original Bond. Notice of such redemption as aforesaid identifying the Bond or Bonds (or portion thereof) to be redeemed shall be sent by electronic means or by certified mail to the registered owners thereof at the addresses shown on the City's registration books not less than 30 days prior to such redemption date. All of such Bonds as to which the City reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given and for the redemption of which funds are duly provided, shall cease to bear interest on the redemption date.

The Bonds are not general obligations of the City but, together with the City's outstanding Sewer Revenue Capital Loan Notes, Series 2002, dated May 3, 2002; Sewer Revenue Capital Loan Notes, Series 2007, dated April 5, 2007; 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 set forth in the Resolution, are payable solely and only out of the future Net Revenues (as defined in the Resolution) of the Utility, a sufficient portion of which has been ordered set aside and pledged for that purpose. This Bond is not payable in any manner by taxation, and under no circumstances shall the City be in any manner liable by reason of the failure of the said Net Revenues to be sufficient for the payment of this Bond and the interest hereon.

This Bond is fully negotiable but shall be fully registered as to both principal and interest in the name of the owner on the books of the City in the office of the Registrar, after which no transfer shall be valid unless made on said books and then only upon presentation of this Bond to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form hereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The City, the Registrar and the Paying Agent may deem and treat the registered owner hereof as the absolute owner for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the City, the Registrar and the Paying Agent shall not be affected by any notice to the contrary.

And It Is Hereby Certified, Recited and Declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Bonds have existed, have happened and have been performed in due time, form and manner, as required by law, and that the issuance of the Bonds does not exceed or violate any constitutional or statutory limitation or provision.

IN TESTIMONY WHEREOF, the City of Newton, Iowa, by its City Council, has caused this Bond to be executed with the duly authorized facsimile signature of its Mayor and attested with the duly authorized facsimile signature of the City Clerk, all as of April 21, 2021.

CITY OF NEWTON, IOWA

By _____
Mayor

Attest:

City Clerk

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 \$4,840,000 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

PAYING AGENT AND REGISTRAR AGREEMENT – SERIES 2021C

This Agreement is made and entered into as of April 21, 2021, by and between the City of Newton, Iowa (the “Issuer”), and BOKF, National Association, Lincoln, Nebraska (the “Registrar”).

WITNESSETH:

WHEREAS, the Issuer has authorized the issuance of \$4,840,000 of its Sewer Revenue Bonds, Series 2021C, dated April 21, 2021 (the “Bonds”), by a resolution duly adopted by the City Council of the Issuer (the “Resolution”), and requires the services of a Paying Agent and Registrar for said issue; and

WHEREAS, the Registrar is willing to provide services as Paying Agent and Registrar pursuant to the terms of this Agreement and the Resolution in consideration for the compensation described in this Agreement;

NOW THEREFORE, the Issuer and the Registrar do hereby agree as follows:

1. The Registrar agrees that it shall maintain on behalf of the Issuer books of record in which the registered owners of the Bonds and their registered addresses shall be duly recorded.
2. The Registrar agrees that it shall serve as Paying Agent for the Issuer in making the payments of principal and interest falling due on the Bonds. The Issuer shall, not later than five days before each interest and principal payment date on the Bonds, deposit with the Registrar an amount sufficient to make such payment and the Registrar shall apply such deposit by mailing a check or draft to each of the registered owners of the Bonds as shown on the books of record maintained pursuant to Section 1 hereof for the appropriate amounts of interest due on each respective Bond and by paying principal upon presentation, all in accordance with the Resolution. Payment made to the Depository or its nominee as defined and described in the Resolution shall be made as described in the Resolution and as described in Section 13 below.
3. The Registrar hereby accepts and agrees to perform all duties directed by the Resolution to be performed by the “Paying Agent” and “Registrar” as defined in the Resolution (specifically including, without limitation, duties relating to bond insurance) and the terms of the Resolution are hereby incorporated by reference.
4. The Registrar shall make the initial registration of the Bonds upon written directions from the original purchaser thereof as designated in the Resolution.
5. Transfer of the Bonds shall be registered pursuant to the limitations prescribed in the Resolution, upon surrender to the Registrar of any outstanding Bond in form deemed by the Registrar properly endorsed for transfer with all necessary signatures guaranteed in such manner and form as the Registrar may require by a signature guarantor reasonably believed by Registrar to be responsible, accompanied by such assurances as the Registrar shall deem necessary or

appropriate to evidence the genuineness and effectiveness of each necessary signature and, if deemed appropriate by the Registrar, satisfactory evidence of compliance with all applicable laws relating to the collection of taxes. In registering transfer of the Bonds, the Registrar may rely upon the Uniform Commercial Code or any other statutes which in the opinion of counsel protect the Registrar and the Issuer in not requiring complete documentation, in registering Bonds without inquiry into adverse claims, in delaying registration for purposes of such inquiry, or in refusing registration where in Registrar's judgment an adverse claim requires such refusal.

6. As provided by law, the books of registration maintained by the Registrar shall not be deemed public records and shall be available for inspection solely pursuant to a court order or a subpoena of any governmental agency having jurisdiction to issue such subpoena.

7. At least annually, the Registrar shall give a report to the Issuer accounting for all funds received and disbursements made. The Registrar shall maintain customary records in connection with its exercise of its duties under this Agreement and the Resolution.

8. At any time, the Registrar may apply to the Issuer for instructions and may consult with the Issuer's attorney or the Registrar's own counsel in respect to any matter arising in connection with its duties under this Agreement and the Resolution and the Registrar shall not be liable or accountable for any action taken or omitted by it in good faith in accordance with such instructions or with the opinion of such counsel. The Registrar may rely on any paper or document reasonably believed by it to be genuine and to have been signed by the proper person or persons.

9. The Issuer agrees to pay any expenses reasonably incurred by the Registrar in connection with the performance of its duties under this Agreement and the Resolution including counsel fees, and in addition shall pay the Registrar as compensation for its services as shown on the attached schedule.

10. Any corporation or association into which the Registrar may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a part, shall ipso facto, be and become successor Registrar hereunder and vested with all of the trusts, powers, discretion, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

11. The Issuer shall have the right to remove the Registrar in the event of a material breach of the Registrar's duties under this Agreement and the Resolution and the continued service by the Registrar shall also be subject to the provisions of the Resolution. In such event, the Issuer shall have the right to designate a successor and the Registrar hereby agrees that it shall turn over all of its records with respect to the Bonds to any such successor upon request by the Issuer.

12. This Agreement shall terminate when the Bonds have been paid in full. The Registrar shall have no duties with respect to the investment of monies paid to it under this Agreement and the Resolution except as may be otherwise agreed between the Registrar and the Issuer. Any deposit of such monies shall be either fully insured by insurance at the Federal Deposit Insurance Corporation or fully secured in the manner required by law for deposit of funds of the Issuer. Any such deposit may be in an account maintained with the Registrar.

13. Under the terms of the Resolution, the Bonds are to be issued initially as “book-entry-only bonds” using the services of The Depository Trust Company (the “Depository”) and initially the entire issue of the Bonds shall be registered in the name of Cede & Co., as nominee for the Depository, with one typewritten bond for each separate stated maturity. Payment of semiannual interest for any Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the interest payment date for the Bonds at the address (wire instruction) shown in the Registrar’s books of registration for Cede & Co. as registered owner in accordance with the Depository’s procedures as in effect from time to time. The Registrar agrees that it will execute and observe the terms and conditions of the Letter of Representations (the “Letter of Representations”) as authorized by the Resolution. The Letter of Representations may be in the form of separate undertakings executed by the Registrar and the Issuer in connection with services provided by the Depository.

The Registrar and the Issuer may treat the Depository (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Resolution, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Registrar nor the Issuer shall be affected by any notice to the contrary. Neither the Registrar nor the Issuer shall have any responsibility or obligation to any participant of the Depository (“Participant”), any person claiming a beneficial ownership interest in the Bonds under or through the Depository or any Participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder, with respect to the accuracy of any records maintained by the Depository or any Participant; the payment by the Depository or any Participant or any amount in respect of the principal of or interest on the Bonds; any notice which is permitted or required to be given to Bondholders under the Resolution; the selection by the Depository or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by the Depository as Bondholder. The Registrar shall pay all principal of and interest on the Bonds only to the Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer’s obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. Except under the conditions directed below, no person other than the Depository shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the Issuer to make payments of principal of and interest pursuant to the Resolution. Upon delivery by the Depository to the Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in the place of Cede & Co., and subject to the provisions in the Resolution with respect to Record Dates, the term “Cede & Co.” in this Agreement shall refer to such new nominee of the Depository. If the Depository gives notice to the Issuer or the Registrar pursuant to the Letter of Representations that it will

discontinue providing its services as securities depository with respect to the Bonds, the Issuer shall either appoint a successor securities depository or terminate the book-entry system for the Bonds under the following conditions:

(a) Any successor securities depository must be a clearing agency registered with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934 and must enter into an agreement with the Issuer and the Registrar agreeing to act as the depository and clearing agency for all the Bonds. After such agreement has become effective, the Depository shall present the Bonds for registration of transfer in accordance with the Resolution and the Registrar shall register them in the name of the successor securities depository or its nominee. If a successor securities depository has not accepted such position prior to the effective date of the Depository's termination of its services, the book-entry system shall automatically terminate.

(b) If the Issuer elects to terminate the book-entry system for the Bonds, it shall so notify the Registrar in writing. Thereafter, upon presentation of the Bonds, or any of them, by the Depository or its nominee to the Registrar for registration of transfer in accordance with the Resolution, the Registrar shall register the transfer in accordance with the Resolution and all provisions of this Section 13 shall immediately cease to be in effect.

The Issuer may elect to terminate the book-entry system for the Bonds at any time by giving written notice to the Depository and the Registrar. On the effective date of such termination, the provisions of this Section 13 shall cease to be in effect, except that the Registrar shall continue to comply with applicable provisions of the Letter of Representations with respect to the Bonds as to which the Depository remains the registered owner. After such termination, the Registrar shall, upon presentation of the Bonds by the Depository or its nominee for registration of transfer or exchange in accordance with the Resolution make such transfer or exchange in accordance with the Resolution. Upon the appointment of a successor securities depository or termination of the book-entry system, the Registrar shall give notice of such event to the registered owners of the Bonds (through the Depository) and (1) of the name and address of the successor securities depository or (2) that the Bonds may now be obtained by the beneficial owners of the Bonds, or their nominees, upon proper instructions being given to the Depository by the relevant Participant and compliance by the Depository with the provisions of the Resolution regarding registration of transfers. Notwithstanding any other provision of this Agreement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of the Depository (or any successor nominee), all payments with respect to the principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations. In connection with any notice or other communication to be provided to Bondholders pursuant to the Resolution by the Issuer or the Registrar with respect to any consent or other action to be taken by Bondholders, the Issuer or the Registrar, as the case may be, shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

14. If any one or more of the covenants or agreements to be performed by either of the parties to this Agreement shall be determined by a court of competent jurisdiction to be unenforceable, such covenants or agreement shall be deemed and construed to be severable from the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Agreement.

15. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

16. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa.

IN WITNESS WHEREOF, the parties hereto have each caused this Paying Agent and Registrar Agreement to be executed by their duly authorized officers and attested as of the date first above written.

CITY OF NEWTON, IOWA

ATTEST:

By: _____
Mayor

City Clerk

BOKF, National Association, Lincoln, Nebraska
Paying Agent and Registrar

By _____
Authorized Officer

BOK FINANCIAL

Trustee, PAYING AGENT, BOND REGISTRAR AND TRANSFER AGENT FEE SCHEDULE

ADMINISTRATION FEE – PAYING AGENT

• Book Entry Bonds	\$300 initial/\$450 annual
• Registered/Private Placement Bonds	\$300 initial/\$700 annual

ADMINISTRATION FEE – TRUSTEE / PAYING AGENT

• Book Entry Bonds	\$750 initial/\$1,250 annual
• Registered/Private Placement Bonds	\$750 initial/\$1,500 annual

* Initial Fees paid at Closing

* Annual Fees paid at Interest/Principal Dates

ADDITIONAL SERVICES

• Placement of CDs or Sinking Funds	Included in Annual Fee
• Optional or Partial Redemption	Included in Annual Fee
• Mandatory Redemption	Included in Annual Fee
• Early Termination/Full Call	Included in Annual Fee
• Paying Costs of Issuance	Included in Annual Fee

SERVICES AVAILABLE UPON REQUEST

• Dissemination Agent	\$250 Annual Fee
• Tax credit bond filing	\$350 Annual Fee
• Disbursement Agent	Included in Annual Fee
• Disbursement Agent wires/check	Included in Annual Fee

Reasonable charges will be made for additional services or reports not contemplated at the time of execution of the Agreement or not covered specifically elsewhere in this schedule. Extraordinary out-of-pocket expenses will be charged at cost. However, this does not include ordinary out-of-pocket expenses such as normal postage and supplies, which are included in the annual fees quoted above.

SERIES 2021C LOAN AGREEMENT

This Loan Agreement is entered into as of April 21, 2021, by and between the City of Newton, Iowa (the “City”), and D.A. Davidson & Co., Des Moines, Iowa (the “Purchaser”). The parties agree as follows:

1. The Purchaser shall loan to the City the sum of \$4,840,000, and the City’s obligation to repay hereunder shall be evidenced by the issuance of Sewer Revenue Bonds, Series 2021C, in the aggregate principal amount of \$4,840,000 (the “Series 2021C Bonds”).

2. The City Council has adopted a resolution on April 5, 2021 (the “Resolution”) authorizing and approving this Loan Agreement and providing for the issuance and securing the payment of the Series 2021C Bonds, the Resolution is incorporated herein by reference, and the parties agree to abide by the terms and provisions of the Resolution. The Series 2021C Bonds and the interest thereon together with the City’s outstanding Sewer Revenue Capital Loan Notes, Series 2002, dated May 3, 2002; Sewer Revenue Capital Loan Notes, Series 2007, dated April 5, 2007; 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 under the conditions set forth in the Resolution, shall be payable solely and only from the Net Revenues (as defined in the Resolution) of the Municipal Sanitary Sewer Utility System of the City, a sufficient portion of which has been ordered set aside and pledged for such purpose under the provisions of the Resolution, and from certain funds established in the Resolution and pledged to the payment thereof.

3. The loan proceeds (the “Loan Proceeds”) shall be used for the purposes set forth in the Resolution. Any remaining Loan Proceeds, including accrued interest, if any, shall be deposited in the Sinking Fund (defined in the Resolution) and shall be held therein and used, along with other amounts on deposit in such fund, to pay interest due on the Series 2021C Bonds on the first interest payment date.

4. The Series 2021C Bonds, in substantially the form set forth in the Resolution, shall be executed and delivered to or on behalf of the Purchaser to evidence the City’s obligation to repay the amounts payable hereunder. The Series 2021C Bonds shall be dated April 21, 2021, shall be in denominations of \$5,000 or integral multiples thereof, shall bear interest, shall be payable as to principal on the dates and in the amounts, shall be subject to prepayment prior to maturity and shall contain such other terms and provisions as provided in the Series 2021C Bonds and the Resolution.

5. Neither this Loan Agreement nor any of the Series 2021C Bonds shall constitute a general obligation of the City, nor be payable by taxation, and under no circumstances shall the City be in any manner liable by reason of the failure of the aforesaid Net Revenues to be sufficient to pay the Series 2021C Bonds and the interest thereon or to otherwise discharge the City’s obligation hereunder.

6. This Loan Agreement is executed pursuant to the provisions of Section 384.24A of the Code of Iowa and shall be read and construed as conforming to all provisions and requirements of the statute.

IN WITNESS WHEREOF, we have hereunto affixed our signatures all as of the date first above written .

CITY OF NEWTON, IOWA

By _____
Mayor

Attest:

City Clerk

D.A. DAVIDSON & CO.
Des Moines, Iowa

By _____
(Signature)

(Print Name and Title)

City of Newton Council Report



Item: Resolution providing for issuance of \$1,990,000 Road Use Tax Revenue Bonds, Series 2021D

Summary: Resolution providing for issuance of \$1,990,000 Road Use Tax Revenue Bonds, Series 2021D

Financial Impact: Issuance of Road Use Tax Revenue Bonds, Series 2021D to be repaid solely with revenues received by the City's Road Use Tax Fund

Report Number: 21-101

Date: April 5, 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. The issuance of the bonds is the final 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

Recommendation:

Staff recommends issuance of Road Use Tax Revenue Bonds, Series 2021D.

A handwritten signature in black ink, appearing to read "Matt Muckler".

Matt Muckler
City Administrator

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.

\$1,990,000
City of Newton, Iowa
Road Use Tax Revenue Bonds, Series 2021D

Dated Date: Date of Delivery

Due: As shown on inside cover

The \$1,990,000 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, 2028 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 15, 2021.

\$1,990,000
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	\$265,000	2.000%	0.360%	65283P AA3	June 1, 2028	\$145,000	2.000%	1.230%	65283P AG0
June 1, 2023	\$275,000	2.000%	0.410%	65283P AB1	June 1, 2029	\$145,000	2.000%	1.380%	65283P AH8
June 1, 2024	\$135,000	2.000%	0.620%	65283P AC9	June 1, 2030	\$150,000	1.400%	1.518%	65283P AJ4
June 1, 2025	\$135,000	2.000%	0.750%	65283P AD7	June 1, 2031	\$150,000	2.000%	1.610%	65283P AK1
June 1, 2026	\$140,000	2.000%	0.920%	65283P AE5	June 1, 2032	\$155,000	2.000%	1.690%	65283P AL9
June 1, 2027	\$140,000	2.000%	1.080%	65283P AF2	June 1, 2033	\$155,000	2.000%	1.750%	65283P AM7

* 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

\$1,990,000

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 \$1,990,000 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 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, 2028, 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.

Selection of Bonds for Redemption. Bonds subject to 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:

Fiscal Year	Annual Collection	Increase over Prior year Dollars	%
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:

Fiscal Year	Annual Collection	Increase over Prior year Dollars	%
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%		0.00%
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		907,990,625		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%	31,424,391	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.

<u>Fiscal</u> <u>Year</u>	<u>Annual</u> <u>Collection</u>	<u>Increase over Prior year</u> <u>Dollars</u>	<u>%</u>
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 6.35 times coverage of the \$308,600 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:

<u>Fiscal</u> <u>Year</u>	<u>The Bonds</u> <u>Principal*</u>	<u>The Bonds</u> <u>Interest*</u>	<u>Total Projected</u> <u>Principal</u> <u>and Interest*</u>
FY 2021-22	\$265,000	\$43,222	\$308,222
FY 2022-23	275,000	33,600	308,600
FY 2023-24	135,000	28,100	163,100
FY 2024-25	135,000	25,400	160,400
FY 2025-26	140,000	22,700	162,700
FY 2026-27	140,000	19,900	159,900
FY 2027-28	145,000	17,100	162,100
FY 2028-29	145,000	14,200	159,200
FY 2029-30	150,000	11,300	161,300
FY 2030-31	150,000	9,200	159,200
FY 2031-32	155,000	6,200	161,200
FY 2032-33	<u>155,000</u>	<u>3,100</u>	<u>158,100</u>
Total	\$1,990,000	\$234,022	\$2,224,022

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.

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, Kyhn & Co. P.C., Atlantic, Iowa, independent auditors, as stated in their report appearing herein. Gronewold, Bell, Kyhn & 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	\$1,990,000.00
Net Premium	63,512.65
Total Sources of Funds	\$2,053,512.65
Uses of Funds	
Project Fund	\$2,000,000.00
Costs of Issuance & Contingency ⁽¹⁾	53,512.65
Total Uses of Funds	\$2,053,512.65

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

TAX EXEMPTION AND RELATED TAX MATTERS

Federal Income Tax Exemption

The opinion of Bond Counsel will state that under present laws and rulings, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed 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 2022 through 2029, inclusive and 2031 through 2033, inclusive, 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 year 2030 (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 \$2,031,622.65 (reflecting the par amount of the Bonds with net original issue premium of \$63,512.65 and an underwriter’s discount of \$21,890.00).

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

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

MISCELLANEOUS

Brief descriptions or summaries of the Issuer, the Bonds, the Resolution and other documents, agreements and statutes are included in this Official Statement. The summaries or references herein to the Bonds, the Resolution and other documents, agreements and statutes referred to herein, and the description of the Bonds included herein, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their 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/ Matt Muckler

City Administrator

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	\$34,252,000
TIF Rebate Obligation (Total Development Agreements)	141,416
Iowa Workforce Development Loan Guarantee ¹⁾	<u>429,474</u>
Total Debt Subject to Debt Limit	<u>\$34,822,890</u>
 Amount of Debt Capacity Remaining	 \$11,144,832
Percent of Debt Capacity Remaining	24.24%

- 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	Original		Final	Amount
<u>of Issue</u>	<u>Amount</u>	<u>Purpose</u>	<u>Maturity</u>	<u>Obligated 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	2,740,000	Various Improvements and Urban Renewal Projects	6/2040	2,740,000
4/2021B	430,000	Various Improvements (Taxable)	6/2040	<u>430,000</u>
			Total	\$34,252,000

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 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 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	4,840,000	Improvements (<i>issued concurrently with 2021D Bonds</i>)	6/2041	<u>4,840,000</u>
			Total	\$6,624,000

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	\$34,822,890	3.79%	6.85%	\$2,282.87
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 \$1,990,000, 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	\$265,000	____%	2028	\$145,000	____%
2023	\$275,000	____%	2029	\$145,000	____%
2024	\$135,000	____%	2030	\$150,000	____%
2025	\$135,000	____%	2031	\$150,000	____%
2026	\$140,000	____%	2032	\$155,000	____%
2027	\$140,000	____%	2033	\$155,000	____%

Principal of the Bonds maturing in each of the years 2029 to 2033, 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 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 \$1,990,000 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

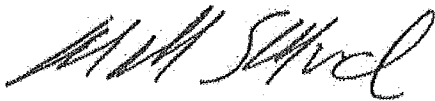
INDEPENDENT AUDIT

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

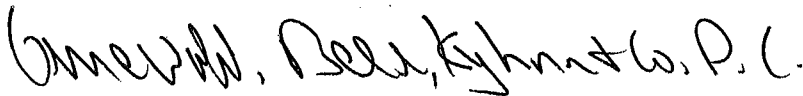
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Newton's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the five 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.

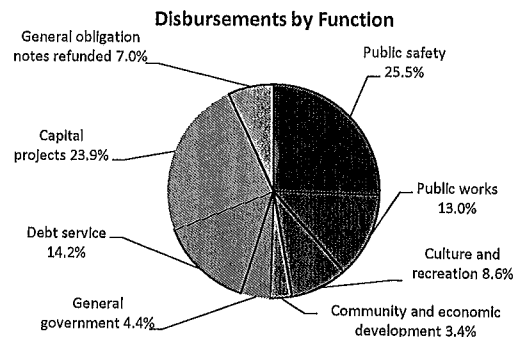
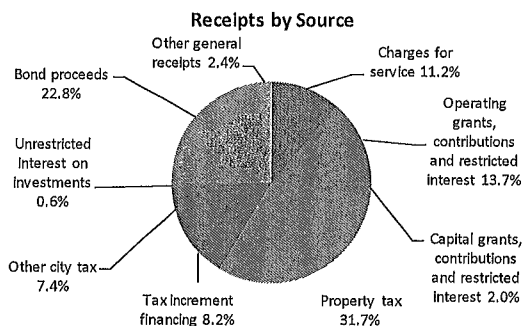
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

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

		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	<u>123</u>
Total	<u>126</u>

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)
<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>

(continued next page)

General Obligation Bonds and Notes							
2014B Urban Renewal Bonds		2015A Urban Renewal Bonds		2015B Urban Renewal Bonds		2017A Urban Renewal Bonds	
Issued June 18, 2014		Issued June 30, 2015		Issued June 30, 2015		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		2019A Urban Renewal Bonds		2019B Urban Renewal Bonds		2019C Refunding Bonds	
Issued May 24, 2018		Issued April 16, 2019		Issued April 16, 2019		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>

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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
<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.

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

To the Honorable Mayor and
Members of the City Council

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

Percent Of Property Tax Levy Collected	Delinquent Property Tax Collections	TIF Property Tax Collections	Total Property Tax Collections
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.

RESOLUTION NO. 2021-_____

Resolution approving a loan agreement and providing for the issuance of Road Use Tax Revenue Bonds, Series 2021D

WHEREAS, pursuant to the provisions of Sections 364.6, 384.24A, 384.25 and 384.83 of the Code of Iowa, the City of Newton (the “City”), in Jasper County, State of Iowa has heretofore proposed to contract indebtedness and enter into a Road Use Tax Revenue Loan Agreement (the “Loan Agreement”) 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 “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 has been prepared to set forth the terms of the Bonds and the understanding between the City and the Underwriter, and the City has authorized, executed and delivered this Agreement; and

WHEREAS, it is now necessary to make final provision for approval of the Loan Agreement and to authorize the issuance of the Bonds;

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

Section 1. The City shall enter into the Loan Agreement with the Underwriter in substantially the form as has been placed on file with the City Council, providing for a loan to the City in the principal amount of \$1,999,000, for the purpose set forth in the preamble hereof.

The Mayor and City Clerk are hereby authorized and directed to sign the Loan Agreement on behalf of the City, and the Loan Agreement is hereby approved.

Section 2. The Bonds, in the aggregate principal amount of \$1,990,000, are hereby authorized to be issued in evidence of the City's obligations under the Loan Agreement. The Bonds shall be dated April 21, 2021, shall be issued in the denomination of \$5,000 each or any integral multiple thereof, and shall mature on June 1 in each of the years, in the respective principal amounts, and bear interest 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	\$265,000	2.00%	2028	\$145,000	2.00%
2023	\$275,000	2.00%	2029	\$145,000	2.00%
2024	\$135,000	2.00%	2030	\$150,000	1.40%
2025	\$135,000	2.00%	2031	\$150,000	2.00%
2026	\$140,000	2.00%	2032	\$155,000	2.00%
2027	\$140,000	2.00%	2033	\$155,000	2.00%

Section 3. BOKF, N.A., Lincoln, Nebraska, is hereby designated as the Registrar and Paying Agent for the Bonds and may be hereinafter referred to as the "Registrar" or the "Paying Agent." The City shall enter into an agreement (the "Registrar/Paying Agent Agreement") with the Registrar, in substantially the form as has been placed on file with the Council; the Mayor and City Clerk are hereby authorized and directed to sign the Registrar/Paying Agent Agreement on behalf of the City; and the Registrar/Paying Agent Agreement is hereby approved.

The City reserves the right to optionally prepay part or all of the principal of the Bonds maturing in the years 2029 to 2033, inclusive, prior to and in any order of maturity on June 1, 2028 or on any date thereafter upon terms of par and accrued interest. If less than all of the Bonds of any like maturity are to be redeemed, the particular part of those Bonds to be redeemed shall be selected by the Registrar by lot. The Bonds may be called in part in one or more units of \$5,000.

If less than the entire principal amount of any Bond in a denomination of more than \$5,000 is to be redeemed, the Registrar will issue and deliver to the registered owner thereof, upon surrender of such original Bond, a new Bond or Bonds, in any authorized denomination, in a total aggregate principal amount equal to the unredeemed balance of the original Bond. Notice of such redemption as aforesaid identifying the Bond or Bonds (or portion thereof) to be redeemed shall be sent by electronic means to the registered owners thereof at the addresses shown on the City's registration books not less than 30 days prior to such redemption date. All of such Bonds as to which the City reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given and for the redemption of which funds are duly provided, shall cease to bear interest on the redemption date.

Accrued interest on the Bonds shall be payable semiannually on the first day of June and December in each year, commencing December 1, 2021. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. Payment of interest on the Bonds shall be made to the registered owners appearing on the registration books of the City at the close of business on the fifteenth day of the month next preceding the interest payment date and shall be paid to the registered owners at the addresses shown on such registration books. Principal of the

Bonds shall be payable in lawful money of the United States of America to the registered owners or their legal representatives upon presentation and surrender of the Bond or Bonds at the office of the Paying Agent.

The Bonds shall be executed on behalf of the City with the official manual or facsimile signature of the Mayor and attested with the official manual or facsimile signature of the City Clerk, and shall be fully registered Bonds without interest coupons. The issuance of the Bonds shall be recorded in the office of the City Treasurer, and the certificate on the back of each Bond shall be executed with the official manual or facsimile signature of the City Treasurer. In case any officer whose signature or the facsimile of whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds, such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The Bonds shall not constitute a general obligation of the City but will be payable solely and only from annual road use tax funds received by the City from the State of Iowa (the "State Road Use Taxes"). The City Council hereby covenants to appropriate to its City RUT Fund (as hereinafter defined) in each year so long as the Bonds are outstanding a sufficient amount of the State Road Use Taxes to pay interest on and principal of the Bonds as such payments become due, and the City hereby pledges the City RUT Fund for the full and prompt payment of the principal of and interest on the Bonds. The City shall not be liable in any manner whatsoever for any shortfall in the disbursement of the State Road Use Taxes by the State of Iowa resulting in insufficient funds being available in the City RUT Fund to pay debt service on the Bonds.

Principal of the Bonds and the interest thereon, 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 herein (which additional obligations are hereinafter sometimes referred to as "Parity Obligations"), shall be payable solely from the City RUT Fund and the Sinking Fund hereinafter referred to, both of which are hereby pledged to the payment of the Bonds.

The Bonds shall be fully registered as to principal and interest in the names of the owners on the registration books of the City kept by the Registrar, and after such registration, payment of the principal thereof and interest thereon shall be made only to the registered owners or their legal representatives or assigns. Each Bond shall be transferable only upon the registration books of the City upon presentation to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form thereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

Section 4. Notwithstanding anything above to the contrary, the Bonds shall be issued initially as Depository Bonds, with one fully registered Bond for each maturity date, in principal amounts equal to the amount of principal maturing on each such date, and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). On original issue, the Bonds shall be deposited with DTC for the purpose of maintaining a book-entry system for recording the ownership interests of its participants and the transfer of those interests among its participants (the "Participants"). In the event that DTC determines not to continue to act as securities depository for the Bonds or the City determines not to continue the book-entry system for recording ownership interests in the Bonds with DTC, the City will

discontinue the book-entry system with DTC. If the City does not select another qualified securities depository to replace DTC (or a successor depository) in order to continue a book-entry system, the City will register and deliver replacement Bonds in the form of fully registered certificates, in authorized denominations of \$5,000 or integral multiples of \$5,000, in accordance with instructions from Cede & Co., as nominee for DTC. In the event that the City identifies a qualified securities depository to replace DTC, the City will register and deliver replacement Bonds, fully registered in the name of such depository, or its nominee, in the denominations as set forth above, as reduced from time to time prior to maturity in connection with redemptions or retirements by call or payment, and in such event, such depository will then maintain the book-entry system for recording ownership interests in the Bonds.

Ownership interests in the Bonds may be purchased by or through Participants. Such Participants and the persons for whom they acquire interests in the Bonds as nominees will not receive certificated Bonds, but each such Participant will receive a credit balance in the records of DTC in the amount of such Participant's interest in the Bonds, which will be confirmed in accordance with DTC's standard procedures. Each such person for which a Participant has an interest in the Bonds, as nominee, may desire to make arrangements with such Participant to have all notices of redemption or other communications of the City to DTC, which may affect such person, forwarded in writing by such Participant and to have notification made of all interest payments.

The City will have no responsibility or obligation to such Participants or the persons for whom they act as nominees with respect to payment to or providing of notice for such Participants or the persons for whom they act as nominees.

As used herein, the term "Beneficial Owner" shall hereinafter be deemed to include the person for whom the Participant acquires an interest in the Bonds.

DTC will receive payments from the City, to be remitted by DTC to the Participants for subsequent disbursement to the Beneficial Owners. The ownership interest of each Beneficial Owner in the Bonds will be recorded on the records of the Participants whose ownership interest will be recorded on a computerized book-entry system kept by DTC.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the City to DTC, and DTC shall forward (or cause to be forwarded) the notices to the Participants so that the Participants can forward the same to the Beneficial Owners.

Beneficial Owners will receive written confirmations of their purchases from the Participants acting on behalf of the Beneficial Owners detailing the terms of the Bonds acquired. Transfers of ownership interests in the Bonds will be accomplished by book entries made by DTC and the Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except as specifically provided herein. Interest and principal will be paid when due by the City to DTC, then paid by DTC to the Participants and thereafter paid by the Participants to the Beneficial Owners.

Section 5. The Bonds shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA
STATE OF IOWA **COUNTY OF JASPER**
CITY OF NEWTON

ROAD USE TAX REVENUE BOND, SERIES 2021D

No. _____ \$ _____

RATE	MATURITY DATE	BOND DATE	CUSIP
_____%	June 1, _____	April 1, 2021	65283P ____

The City of Newton (the “City”), in Jasper County, State of Iowa, for value received, promises to pay on the maturity date of this Bond to

Cede & Co.
New York, New York

or registered assigns, the principal sum of

THOUSAND DOLLARS

in lawful money of the United States of America upon presentation and surrender of this Bond at the office of BOKF, N.A., Lincoln, Nebraska (hereinafter referred to as the “Registrar” or the “Paying Agent”), with interest on said sum, until paid, at the rate per annum specified above from the date of this Bond, or from the most recent interest payment date on which interest has been paid, on June 1 and December 1 of each year, commencing December 1, 2021, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto. Interest on this Bond is payable to the registered owner appearing on the registration books of the City at the close of business on the fifteenth day of the month next preceding the interest payment date, and shall be paid to the registered owner at the address shown on such registration books. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Registrar.

This Bond is one of a series of Road Use Tax Revenue Bonds, Series 2021D (the “Bonds”) issued by the City to evidence its obligation under a certain loan agreement, dated as of April 21, 2021 (the “Loan Agreement”), entered into by the City for the purpose of paying the costs, to that extent, of constructing street improvements.

The Bonds are issued pursuant to and in strict compliance with the provisions of Sections 364.6, 384.24A, 384.25 and 384.83 of the Code of Iowa, 2021, and all other laws amendatory thereof and supplemental thereto, and in conformity with a resolution of the City Council

authorizing and approving the Loan Agreement and providing for the issuance and securing the payment of the Bonds (the “Resolution”), and reference is hereby made to the Resolution and the Loan Agreement for a more complete statement as to the source of payment of the Bonds and the rights of the owners of the Bonds.

The City reserves the right to optionally prepay part or all of the principal of the Bonds maturing in the years 2029 to 2033, inclusive, prior to and in any order of maturity on June 1, 2028, or on any date thereafter upon terms of par and accrued interest. If less than all of the Bonds of any like maturity are to be redeemed, the particular part of those Bonds to be redeemed shall be selected by the Registrar by lot. The Bonds may be called in part in one or more units of \$5,000.

If less than the entire principal amount of any Bond in a denomination of more than \$5,000 is to be redeemed, the Registrar will issue and deliver to the registered owner thereof, upon surrender of such original Bond, a new Bond or Bonds, in any authorized denomination, in a total aggregate principal amount equal to the unredeemed balance of the original Bond. Notice of such redemption as aforesaid identifying the Bond or Bonds (or portion thereof) to be redeemed shall be sent by electronic means or by certified mail to the registered owners thereof at the addresses shown on the City’s registration books not less than 30 days prior to such redemption date. All of such Bonds as to which the City reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given and for the redemption of which funds are duly provided, shall cease to bear interest on the redemption date.

The Bonds are not general obligations of the City 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 City from the State of Iowa (the “State Road Use Taxes”). In and by the Resolution, the City Council has covenanted to appropriate to its Road Use Tax Fund (the “City RUT Fund”) in each year so long as the Bonds are outstanding a sufficient amount of the State Road Use Taxes to pay interest on and principal of the Bonds as such payments become due, and the City has pledged the City RUT Fund for the full and prompt payment of the principal of and interest on the Bonds. Under no circumstances shall the City be in any manner liable by reason of the failure of the said State Road Use Taxes to be sufficient for the payment of the Bonds and the interest thereon.

This Bond is fully negotiable but shall be fully registered as to both principal and interest in the name of the owner on the books of the City in the office of the Registrar, after which no transfer shall be valid unless made on said books and then only upon presentation of this Bond to the Registrar, together with either a written instrument of transfer satisfactory to the Registrar or the assignment form hereon completed and duly executed by the registered owner or the duly authorized attorney for such registered owner.

The City, the Registrar and the Paying Agent may deem and treat the registered owner hereof as the absolute owner for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and the City, the Registrar and the Paying Agent shall not be affected by any notice to the contrary.

And It Is Hereby Certified, Recited and Declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Bonds have existed, have happened and have been performed in due time, form and manner, as required by law, and that the issuance of the Bonds does not exceed or violate any constitutional or statutory limitation or provision.

IN TESTIMONY WHEREOF, the City of Newton, Iowa, by its City Council, has caused this Bond to be executed with the duly authorized facsimile signature of its Mayor and attested with the duly authorized facsimile signature of its City Clerk, as of the Bond Date.

CITY OF NEWTON, IOWA

By (DO NOT SIGN)
Mayor

Attest:

(DO NOT SIGN)
City Clerk

Registration Date: (Registration Date)

STATE OF IOWA
CITY OF NEWTON

SS: CITY TREASURER'S CERTIFICATE

The original issuance of the Bonds was duly and properly recorded in my office as of the Bond Date.

City Treasurer, Newton, Iowa

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolution.

BOKF, N.A.
Lincoln, Nebraska
Registrar

By _____ (Authorized Signature)
Authorized Officer

ABBREVIATIONS

The following abbreviations, when used in this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common	UTMA	_____
TEN ENT	-	as tenants by the entirety		(Custodian)
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common	As Custodian for	_____
				(Minor)
			under Uniform Transfers to Minors Act	

				(State)

Additional abbreviations may also be used though not in the list above.

ASSIGNMENT

For valuable consideration, receipt of which is hereby acknowledged, the undersigned assigns this Bond to

(Please print or type name and address of Assignee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

and does hereby irrevocably appoint _____, Attorney, to transfer this Bond on the books kept for registration thereof with full power of substitution.

Dated: _____

Signature guaranteed:

(Signature guarantee must be provided in accordance with the prevailing standards and procedures of the Registrar and Transfer Agent. Such standards and procedures may require signatures to be guaranteed by certain eligible guarantor institutions that participate in a recognized signature guarantee program.)

NOTICE: The signature to this Assignment must correspond with the name of the registered owner as it appears on this Bond in every particular, without alteration or enlargement or any change whatever.

Section 6. The Bonds shall be executed as herein provided as soon after the adoption of this resolution as may be possible, and thereupon they shall be delivered to the Registrar for registration, authentication and delivery to or on behalf of the Underwriter, upon receipt of the loan proceeds, including premium, (the "Loan Proceeds"), and all action heretofore taken in connection with the Loan Agreement is hereby ratified and confirmed in all respects.

The Loan Proceeds received from the sale of the Bonds shall be deposited in a dedicated fund (the "Project Fund"), which is hereby created, to 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 Loan Proceeds remain after the full payment of the costs set forth in (1) and (2), such Loan Proceeds shall be transferred to the Sinking Fund, as hereinafter defined, for the payment of principal of and interest on the Bonds. The City shall keep a detailed and segregated accounting of the expenditure of, and investment earning on, the Loan Proceeds to ensure compliance with the requirements of the Internal Revenue Code, as hereinafter defined.

Section 7. 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 State Road Use Taxes received by the City after the date of issuance of the Bonds, shall be deposited as collected in the City's Road Use Tax Revenue Fund (the "City RUT Fund"), which shall be used and disbursed as hereinafter provided 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 hereinafter established, or established in the future pursuant to the issuance documents for the Parity Obligations (the "Parity Obligation Issuance Documents"). The amounts collected in the City RUT Fund shall be disbursed in the following order of priority:

A. Sinking Fund. There is hereby created, and there shall be maintained 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 City RUT 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.

There shall be established a subaccount of the Sinking Fund designated as the "Series 2021D Bond Sinking Fund Subaccount" and there shall be deposited and set aside into such subaccount from the City RUT 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 hereinafter set forth, provisions shall be made in the Parity Obligation 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, such timing and amount of the funding of the subaccount shall be set forth in the Parity Obligation Issuance Documents and 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 RUT 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 Road Use Tax Revenues contained therein shall be used solely and only and are hereby pledged for the purpose of paying the interest on and the principal of the Bonds and Parity Obligations.

B. Surplus Fund. There is hereby created a special fund to be known and designated as the Surplus Fund into which there shall be set apart and paid all of the State Road Use Taxes remaining after first making the required payments into the Sinking Fund. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Fund whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds and any Parity Obligations.

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 this resolution and any Parity Obligation Issuance Documents, any balance in the Surplus Fund may be used by the City to be used in such legal manner as the City Council, or such other duly constituted body as may then be charged with the expenditure of the State Road Use Taxes, may from time to time direct.

Whenever Parity Obligations are issued under the conditions and restrictions hereinafter set forth and under the respective Parity Obligation Issuance Documents, provisions may be made for additional funds and accounts to be established pursuant to such Parity Obligation Issuance Documents, including without limitation a debt service reserve fund pledged solely to the payment of such Parity Obligation, and the City may provide for deposits to such funds and accounts from State Road Use Taxes after the monthly funding of the Sinking Fund has been satisfied, as provided herein.

Section 8. The Bonds or any Parity Obligations shall not be entitled to priority or preference one over the other in the application of the State Road Use Taxes 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. The City hereby 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 State Road Use Taxes or the City RUT 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 State Road Use Taxes 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 State Road Use Taxes for the preceding fiscal year as aforesaid, the amount of the State Road Use Taxes 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 State Road Use Taxes which would have resulted had any revision of the rate, formula or funding levels for distribution of the State Road Use Taxes 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 State Road Use Taxes 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). For purposes of this Section, "preceding fiscal year" shall be the most recently completed fiscal year for which audited or unaudited financial statements are available, but in no event a fiscal year which ended more than eighteen months prior to the date of issuance of Parity Obligations.

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 this resolution.

Section 9. All money held in any fund created or to be maintained under the terms of this resolution shall be deposited in lawful depositories of the City or invested in accordance with Chapters 12B and 12C of the Code of Iowa and continuously held and secured as provided by the laws of the State of Iowa relating to the depositing, securing, holding and investing of public funds. All interest received by the City as a result of investments under this section shall be deposited in or transferred to the Sinking Fund and used solely and only for the purposes specified herein for such fund.

Section 10. The provisions of this resolution shall constitute a contract between the City and the owners of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of any kind of the provisions of this resolution shall be made which will adversely affect the owners of the Bonds until all of the Bonds and the interest thereon shall have been paid in full, except as hereinafter provided.

Section 11. This resolution may be amended without the consent of any holders of the Bonds if, in the opinion of bond counsel, such amendment is necessary to make sure that interest on the Bonds will remain excluded from gross income for federal income tax purposes.

Section 12. In addition to amendments to this resolution authorized by Section 11 hereof, this resolution may be amended from time to time if such amendment shall have been consented to by the holders of not less than two-thirds in principal amount of the Bonds at any time outstanding, but this resolution may not be so amended without the consent of the holders of 100% in principal amount of the Bonds at the time outstanding in such manner as to:

(a) Make any change in the maturity or interest rate of the Bonds, or modify the terms of payment of principal of or interest on the Bonds or any of them or impose any conditions with respect to such payments;

(b) Materially affect the rights of the holders of less than all of the Bonds then outstanding; and

(c) Reduce the percentage of the principal amount of Bonds, the consent of the holders of which is required to effect a further amendment.

Whenever the City shall propose to amend this resolution under the provisions of this section, it shall cause notice of the proposed amendment to be mailed by certified or registered mail to the registered owners of the Bonds. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the City Clerk.

Whenever at any time within one year from the date of the mailing of said notice there shall be filed with the City Clerk an instrument or instruments executed by the holders of at least a majority (or 100% in the case of certain amendments) in aggregate principal amount of the Bonds then outstanding as in this section defined, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the City Council may adopt such amendatory resolution and such resolution shall become effective and binding upon the holders of all of the Bonds.

Any consent given by the holder of a Bond pursuant to the provisions of this section shall be irrevocable for a period of one year from the date of the instrument evidencing such consent and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after one year from the date of such instrument by the holder who gave such consent or by a successor in title by filing notice of such revocation with the City Clerk.

The fact and date of the execution of any instrument under the provisions of this section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction that the person signing such instrument acknowledged before him or her the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount and numbers of the Bonds held by any person executing such instrument and the date of his or her holding the same may be proved by an affidavit by such person or by a certificate executed by an officer of a bank or trust company showing that on the date therein mentioned such person had a deposit with such bank or trust company the Bonds described in such certificate.

Section 13. It is the intention of the City that interest on the Bonds be and remain excluded from gross income for federal income tax purposes pursuant to the appropriate provisions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations in effect with respect thereto (all of the foregoing herein referred to as the "Internal Revenue Code"). In

furtherance thereof, the City covenants to comply with the provisions of the Internal Revenue Code as they may from time to time be in effect or amended and further covenants to comply with the applicable future laws, regulations, published rulings and court decisions as may be necessary to insure that the interest on the Bonds will remain excluded from gross income for federal income tax purposes. Any and all of the officers of the City are hereby authorized and directed to take any and all actions as may be necessary to comply with the covenants herein contained.

The City hereby designates the Bonds as “Qualified Tax Exempt Obligations” as that term is used in Section 265(b)(3)(B) of the Internal Revenue Code.

Section 14. The Securities and Exchange Commission (the “SEC”) has promulgated certain amendments to Rule 15c2-12 under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (the “Rule”) that make it unlawful for an underwriter to participate in the primary offering of municipal securities in a principal amount of \$1,000,000 or more unless, before submitting a bid or entering into a purchase contract for the bonds, an underwriter has reasonably determined that the issuer or an obligated person has undertaken in writing for the benefit of the bondholders to provide certain disclosure information to prescribed information repositories on a continuing basis or unless and to the extent the offering is exempt from the requirements of the Rule.

On the date of issuance and delivery of the Bonds, the City will execute and deliver a Continuing Disclosure Certificate pursuant to which the City will undertake to comply with the Rule. The City covenants and agrees that it will comply with and carry out the provisions of the Continuing Disclosure Certificate. Any and all of the officers of the City are hereby authorized and directed to take any and all actions as may be necessary to comply with the Rule and the Continuing Disclosure Certificate.

Section 15. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Passed and approved April 5, 2021.

Mayor

Attest:

City Clerk

SERIES 2021D LOAN AGREEMENT

This Loan Agreement is entered into as of April 21, 2021, by and between the City of Newton, Iowa (the “City”), and D.A. Davidson & Co., Des Moines, Iowa (the “Purchaser”). The parties agree as follows:

1. The Purchaser shall loan to the City the sum of \$1,990,000, and the City’s obligation to repay hereunder shall be evidenced by the issuance of Road Use Tax Revenue Bonds, Series 2021D (the “Bonds”) in the principal amount of \$1,990,000.
2. The City adopted a resolution on April 5, 2021 (the “Resolution”) authorizing and approving this Loan Agreement and providing for the issuance of the Bonds for the purpose or purposes set forth in the Resolution. The Resolution is incorporated herein by reference, and the parties agree to abide by the terms and provisions of the Resolution. Any capitalized terms used herein and not otherwise defined herein shall have the meaning set forth in the Resolution. Principal of the Bonds and the interest thereon, together with any Parity Obligations as may be hereafter issued and outstanding from time to time under the conditions set forth in the Resolution, shall be payable solely and only from the Road Use Tax Fund of the City, a sufficient portion of which has been ordered set aside and pledged for such purpose under the provisions of the Resolution.
3. The loan proceeds (the “Loan Proceeds”) shall be used for the purposes set forth in the Resolution. Any remaining Loan Proceeds, including accrued interest, if any, shall be deposited in the Sinking Fund and shall be held therein and used, along with other amounts on deposit in such fund, to pay interest due on the Bonds on the first interest payment date.
4. The Bonds, in substantially the form set forth in the Resolution, shall be executed and delivered to or on behalf of the Purchaser to evidence the City’s obligation to repay the amounts payable hereunder. The Bonds shall be dated April 21, 2021, shall bear interest, shall be payable as to principal and interest on the dates and in the amounts, shall be subject to prepayment prior to maturity and shall contain such other terms and provisions as provided in the Bonds and the Resolution.
5. Neither this Loan Agreement nor the Bonds shall constitute a general obligation of the City, nor be payable by taxation, and under no circumstances shall the City be in any manner liable by reason of the failure of the State Road Use Taxes to be sufficient to pay the principal of the Bonds and the interest thereon or to otherwise discharge the City’s obligation hereunder. This Loan Agreement is executed pursuant to the provisions of Sections 364.6, 384.24A, 384.25 and 384.83 of the Code of Iowa and shall be read and construed as conforming to all provisions and requirements of the statute.

IN WITNESS WHEREOF, we have hereunto affixed our signatures all as of the date first above written.

CITY OF NEWTON, IOWA

By _____
Mayor

Attest:

City Clerk

D.A. DAVIDSON & CO.
Des Moines, Iowa

By _____
(Signature)

(Print Name and Title)

PAYING AGENT AND REGISTRAR AGREEMENT – SERIES 2021D

This Agreement is made and entered into as of April 21, 2021, by and between the City of Newton, Iowa (the “Issuer”), and BOKF, National Association, Lincoln, Nebraska (the “Registrar”).

WITNESSETH:

WHEREAS, the Issuer has authorized the issuance of \$1,990,000 of its Road Use Tax Revenue Bonds, Series 2021D, dated April 21, 2021 (the “Bonds”), by a resolution duly adopted by the City Council of the Issuer (the “Resolution”), and requires the services of a Paying Agent and Registrar for said issue; and

WHEREAS, the Registrar is willing to provide services as Paying Agent and Registrar pursuant to the terms of this Agreement and the Resolution in consideration for the compensation described in this Agreement;

NOW THEREFORE, the Issuer and the Registrar do hereby agree as follows:

1. The Registrar agrees that it shall maintain on behalf of the Issuer books of record in which the registered owners of the Bonds and their registered addresses shall be duly recorded.
2. The Registrar agrees that it shall serve as Paying Agent for the Issuer in making the payments of principal and interest falling due on the Bonds. The Issuer shall, not later than five days before each interest and principal payment date on the Bonds, deposit with the Registrar an amount sufficient to make such payment and the Registrar shall apply such deposit by mailing a check or draft to each of the registered owners of the Bonds as shown on the books of record maintained pursuant to Section 1 hereof for the appropriate amounts of interest due on each respective Bond and by paying principal upon presentation, all in accordance with the Resolution. Payment made to the Depository or its nominee as defined and described in the Resolution shall be made as described in the Resolution and as described in Section 13 below.
3. The Registrar hereby accepts and agrees to perform all duties directed by the Resolution to be performed by the “Paying Agent” and “Registrar” as defined in the Resolution (specifically including, without limitation, duties relating to bond insurance) and the terms of the Resolution are hereby incorporated by reference.
4. The Registrar shall make the initial registration of the Bonds upon written directions from the original purchaser thereof as designated in the Resolution.
5. Transfer of the Bonds shall be registered pursuant to the limitations prescribed in the Resolution, upon surrender to the Registrar of any outstanding Bond in form deemed by the Registrar properly endorsed for transfer with all necessary signatures guaranteed in such manner and form as the Registrar may require by a signature guarantor reasonably believed by Registrar to be responsible, accompanied by such assurances as the Registrar shall deem necessary or

appropriate to evidence the genuineness and effectiveness of each necessary signature and, if deemed appropriate by the Registrar, satisfactory evidence of compliance with all applicable laws relating to the collection of taxes. In registering transfer of the Bonds, the Registrar may rely upon the Uniform Commercial Code or any other statutes which in the opinion of counsel protect the Registrar and the Issuer in not requiring complete documentation, in registering Bonds without inquiry into adverse claims, in delaying registration for purposes of such inquiry, or in refusing registration where in Registrar's judgment an adverse claim requires such refusal.

6. As provided by law, the books of registration maintained by the Registrar shall not be deemed public records and shall be available for inspection solely pursuant to a court order or a subpoena of any governmental agency having jurisdiction to issue such subpoena.

7. At least annually, the Registrar shall give a report to the Issuer accounting for all funds received and disbursements made. The Registrar shall maintain customary records in connection with its exercise of its duties under this Agreement and the Resolution.

8. At any time, the Registrar may apply to the Issuer for instructions and may consult with the Issuer's attorney or the Registrar's own counsel in respect to any matter arising in connection with its duties under this Agreement and the Resolution and the Registrar shall not be liable or accountable for any action taken or omitted by it in good faith in accordance with such instructions or with the opinion of such counsel. The Registrar may rely on any paper or document reasonably believed by it to be genuine and to have been signed by the proper person or persons.

9. The Issuer agrees to pay any expenses reasonably incurred by the Registrar in connection with the performance of its duties under this Agreement and the Resolution including counsel fees, and in addition shall pay the Registrar as compensation for its services as shown on the attached schedule.

10. Any corporation or association into which the Registrar may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a part, shall ipso facto, be and become successor Registrar hereunder and vested with all of the trusts, powers, discretion, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

11. The Issuer shall have the right to remove the Registrar in the event of a material breach of the Registrar's duties under this Agreement and the Resolution and the continued service by the Registrar shall also be subject to the provisions of the Resolution. In such event, the Issuer shall have the right to designate a successor and the Registrar hereby agrees that it shall turn over all of its records with respect to the Bonds to any such successor upon request by the Issuer.

12. This Agreement shall terminate when the Bonds have been paid in full. The Registrar shall have no duties with respect to the investment of monies paid to it under this Agreement and the Resolution except as may be otherwise agreed between the Registrar and the Issuer. Any deposit of such monies shall be either fully insured by insurance at the Federal Deposit Insurance Corporation or fully secured in the manner required by law for deposit of funds of the Issuer. Any such deposit may be in an account maintained with the Registrar.

13. Under the terms of the Resolution, the Bonds are to be issued initially as “book-entry-only bonds” using the services of The Depository Trust Company (the “Depository”) and initially the entire issue of the Bonds shall be registered in the name of Cede & Co., as nominee for the Depository, with one typewritten bond for each separate stated maturity. Payment of semiannual interest for any Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the interest payment date for the Bonds at the address (wire instruction) shown in the Registrar’s books of registration for Cede & Co. as registered owner in accordance with the Depository’s procedures as in effect from time to time. The Registrar agrees that it will execute and observe the terms and conditions of the Letter of Representations (the “Letter of Representations”) as authorized by the Resolution. The Letter of Representations may be in the form of separate undertakings executed by the Registrar and the Issuer in connection with services provided by the Depository.

The Registrar and the Issuer may treat the Depository (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Resolution, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Registrar nor the Issuer shall be affected by any notice to the contrary. Neither the Registrar nor the Issuer shall have any responsibility or obligation to any participant of the Depository (“Participant”), any person claiming a beneficial ownership interest in the Bonds under or through the Depository or any Participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder, with respect to the accuracy of any records maintained by the Depository or any Participant; the payment by the Depository or any Participant or any amount in respect of the principal of or interest on the Bonds; any notice which is permitted or required to be given to Bondholders under the Resolution; the selection by the Depository or any Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by the Depository as Bondholder. The Registrar shall pay all principal of and interest on the Bonds only to the Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer’s obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. Except under the conditions directed below, no person other than the Depository shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the Issuer to make payments of principal of and interest pursuant to the Resolution. Upon delivery by the Depository to the Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in the place of Cede & Co., and subject to the provisions in the Resolution with respect to Record Dates, the term “Cede & Co.” in this Agreement shall refer to such new nominee of the Depository. If the Depository gives notice to the Issuer or the Registrar pursuant to the Letter of Representations that it will

discontinue providing its services as securities depository with respect to the Bonds, the Issuer shall either appoint a successor securities depository or terminate the book-entry system for the Bonds under the following conditions:

(a) Any successor securities depository must be a clearing agency registered with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934 and must enter into an agreement with the Issuer and the Registrar agreeing to act as the depository and clearing agency for all the Bonds. After such agreement has become effective, the Depository shall present the Bonds for registration of transfer in accordance with the Resolution and the Registrar shall register them in the name of the successor securities depository or its nominee. If a successor securities depository has not accepted such position prior to the effective date of the Depository's termination of its services, the book-entry system shall automatically terminate.

(b) If the Issuer elects to terminate the book-entry system for the Bonds, it shall so notify the Registrar in writing. Thereafter, upon presentation of the Bonds, or any of them, by the Depository or its nominee to the Registrar for registration of transfer in accordance with the Resolution, the Registrar shall register the transfer in accordance with the Resolution and all provisions of this Section 13 shall immediately cease to be in effect.

The Issuer may elect to terminate the book-entry system for the Bonds at any time by giving written notice to the Depository and the Registrar. On the effective date of such termination, the provisions of this Section 13 shall cease to be in effect, except that the Registrar shall continue to comply with applicable provisions of the Letter of Representations with respect to the Bonds as to which the Depository remains the registered owner. After such termination, the Registrar shall, upon presentation of the Bonds by the Depository or its nominee for registration of transfer or exchange in accordance with the Resolution make such transfer or exchange in accordance with the Resolution. Upon the appointment of a successor securities depository or termination of the book-entry system, the Registrar shall give notice of such event to the registered owners of the Bonds (through the Depository) and (1) of the name and address of the successor securities depository or (2) that the Bonds may now be obtained by the beneficial owners of the Bonds, or their nominees, upon proper instructions being given to the Depository by the relevant Participant and compliance by the Depository with the provisions of the Resolution regarding registration of transfers. Notwithstanding any other provision of this Agreement to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of the Depository (or any successor nominee), all payments with respect to the principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to the Depository as provided in the Letter of Representations. In connection with any notice or other communication to be provided to Bondholders pursuant to the Resolution by the Issuer or the Registrar with respect to any consent or other action to be taken by Bondholders, the Issuer or the Registrar, as the case may be, shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

14. If any one or more of the covenants or agreements to be performed by either of the parties to this Agreement shall be determined by a court of competent jurisdiction to be unenforceable, such covenants or agreement shall be deemed and construed to be severable from the remaining covenants and agreements contained herein and shall in no way affect the validity of the remaining provisions of this Agreement.

15. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

16. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa.

IN WITNESS WHEREOF, the parties hereto have each caused this Paying Agent and Registrar Agreement to be executed by their duly authorized officers and attested as of the date first above written.

CITY OF NEWTON, IOWA

ATTEST:

By: _____
Mayor

City Clerk

BOKF, National Association, Lincoln, Nebraska
Paying Agent and Registrar

By _____
Authorized Officer

BOK FINANCIAL

Trustee, PAYING AGENT, BOND REGISTRAR AND TRANSFER AGENT FEE SCHEDULE

ADMINISTRATION FEE – PAYING AGENT

• Book Entry Bonds	\$300 initial/\$450 annual
• Registered/Private Placement Bonds	\$300 initial/\$700 annual

ADMINISTRATION FEE – TRUSTEE / PAYING AGENT

• Book Entry Bonds	\$750 initial/\$1,250 annual
• Registered/Private Placement Bonds	\$750 initial/\$1,500 annual

* Initial Fees paid at Closing

* Annual Fees paid at Interest/Principal Dates

ADDITIONAL SERVICES

• Placement of CDs or Sinking Funds	Included in Annual Fee
• Optional or Partial Redemption	Included in Annual Fee
• Mandatory Redemption	Included in Annual Fee
• Early Termination/Full Call	Included in Annual Fee
• Paying Costs of Issuance	Included in Annual Fee

SERVICES AVAILABLE UPON REQUEST

• Dissemination Agent	\$250 Annual Fee
• Tax credit bond filing	\$350 Annual Fee
• Disbursement Agent	Included in Annual Fee
• Disbursement Agent wires/check	Included in Annual Fee

Reasonable charges will be made for additional services or reports not contemplated at the time of execution of the Agreement or not covered specifically elsewhere in this schedule. Extraordinary out-of-pocket expenses will be charged at cost. However, this does not include ordinary out-of-pocket expenses such as normal postage and supplies, which are included in the annual fees quoted above.

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 \$1,990,000 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

City of Newton Council Report

Item: Resolution Approving Amended
Development Agreement with Lion
Development Group, LLC



Summary: Resolution Approving Amended
Development Agreement with Lion Development
Group, LLC

Report Number: 21-102

Date: April 5, 2021

Financial Impact:
Reduces the Minimum Assessment of the Lion
Development Group, LLC property from 4.5 million
to 3.2 million

Lead Department:
Administration

Recommendation:
Approval

Background:

The owner of Loins Gate Apartment building located in the North Central Urban Renewal Area has requested that the City lower the minimum assessment on the property, which is included in the development agreement. Covid 19 has negatively impacted the properties' business plan and the owner would like to refinance. The bank is unable to refinance at this time because the expense ratio is too high solely because of the property taxes that are owed. Even though the agreement states that the developer would receive a 100% TIF rebate for the next 4 years and a sliding scale thereafter, the bank does not take that information into consideration.

One other concern the owner has is that this property is assessed at a much higher rate than any other multi-family apartment complex within the City. This puts this complex at a competitive disadvantage compared to all other units available. The County Assessor has agreed to the proposal to lower the minimum assessment from 4.5 million to 3.2 million if the City Council approves this resolution. If approved, this would be reflected in the City's FY24 budget numbers.

Recommendation:

Staff recommends approval of the attached Resolution amending the Development Agreement with Lion Development Group, LLC, lowering the minimum assessment.

A handwritten signature in black ink, appearing to read "Matt Muckler".

Matt Muckler
City Administrator

RESOLUTION 2021-_____

Resolution Approving Amended Development Agreement with Lion Development Group, LLC

WHEREAS, the City of Newton, Iowa (the “City”), pursuant to and in strict compliance with all laws applicable to the City, and in particular the provisions of Chapter 403 of the Code of Iowa, has adopted an Urban Renewal Plan for the North Central Urban Renewal Area (the “Urban Renewal Area”); and

WHEREAS, this City Council has adopted an ordinance providing for the division of taxes levied on taxable property in the Urban Renewal Area pursuant to Section 403.19 of the Code of Iowa and establishing the fund referred to in Subsection 2 of Section 403.19 of the Code of Iowa (the “Urban Renewal Tax Revenue Fund”), which fund and the portion of taxes referred to in that subsection may be irrevocably pledged by the City for the payment of the principal of and interest on indebtedness incurred under the authority of Section 403.9 of the Code of Iowa to finance or refinance in whole or in part projects in the Urban Renewal Area; and

WHEREAS, the City has previously entered into a certain development agreement (the “Original Agreement”) with Lion Development Group, LLC (the “Developer”) in connection with the acquisition of certain real property in the Urban Renewal Area and the redevelopment thereof, including the construction of market-rate apartments thereon (the “Project”); and

WHEREAS, the City has previously entered into an amended development agreement (the “First Amended Agreement”) to replace the Original Agreement which (1) increased the amount of annual appropriation tax increment payments (the “Payments”) to be provided to the Developer; and (2) made other related changes; and

WHEREAS, the City and the Company now propose to amend the First Amended Agreement in order to (1) decrease the Minimum Assessed Valuation (as defined in the First Amended Agreement) from \$4,500,000 to \$3,200,000; and (2) make other related changes; and

WHEREAS, a second amended agreement (the “Second Amended Agreement”) has been prepared to set forth the new understanding between the City and the Developer, and it is now necessary to make provision for its approval; and

WHEREAS, a certain Amended Assessment Agreement (the “Assessment Agreement”) has been prepared as an accompaniment to the Second Amended Agreement, and it is now necessary to make provision for its approval; and

WHEREAS, Chapter 15A of the Code of Iowa (“Chapter 15A”) declares that economic development is a public purpose for which a City may provide grants, loans, tax incentives, guarantees and other financial assistance to or for the benefit of private persons; and

WHEREAS, Chapter 15A requires that before public funds are used for grants, loans, tax incentives or other financial assistance, a City Council must determine that a public purpose will reasonably be accomplished by the spending or use of those funds; and

WHEREAS, Chapter 15A requires that in determining whether funds should be spent, a City Council must consider any or all of a series of factors; and

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

Section 1. Pursuant to the factors listed in Chapter 15A, the Council hereby reaffirms that:

(a) The Project will add diversity and generate new opportunities for the Newton and Iowa economies;

(b) The Project will generate public gains and benefits, particularly in the creation of new jobs and housing opportunities, which are warranted in comparison to the amount of the proposed Payments.

Section 2. The City Council further finds and reaffirms that a public purpose will reasonably be accomplished by entering into the Second Amended Agreement and providing incremental property tax payments to the Developer.

Section 3. The Second Amended Agreement and the Assessment Agreement are hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute and deliver the Second Amended Agreement and the Assessment Agreement on behalf of the City, in substantially the form and content in which the Second Amended Agreement and the Assessment Agreement have been presented to this City Council, and such officers are also authorized to make such changes, modifications, additions or deletions as they, with the advice of bond counsel, may believe to be necessary, and to take such actions as may be necessary to carry out the provisions of the Second Amended Agreement and the Assessment Agreement.

Section 4. All resolutions or parts thereof in conflict herewith are hereby repealed.

Passed and approved on April 5, 2021.

Mayor

Attest:

City Clerk

**MINIMUM ASSESSMENT AGREEMENT
Recorder's Cover Sheet**

Preparer Information: (name, address and phone number)

Amy M. Bjork, Esq., Dorsey & Whitney LLP, 801 Grand Avenue, Suite 4100, Des Moines, IA 50309; Phone: 515-699-3285

Return Document To:

Erin Chambers, Community Development Director, City of Newton, Iowa, 403 W 4th St N, Suite 501, Newton, IA, 50208; Phone: 641-792-6622 Ext: 2301

City: City of Newton, Iowa

Property Owner: Lion Development Group, LLC

Legal Description: *Lots 3, 4, 5, and 6 of Block 5, Newton Original Town Plat; and Lot 10 of the Plat of Lots 9 and 10 of Block 5, Newton Original Town Plat.*

Book & Page Reference if applicable: Plat Book "D", Page 91

AMENDED ASSESSMENT AGREEMENT

THIS AMENDED ASSESSMENT AGREEMENT, dated as of the ____ day of _____, 2021, by and among the City of Newton, Iowa (the “City”), Lion Development Group, LLC (the “Property Owner”), and the County Assessor of Jasper County (the “Assessor”).

WITNESSETH

WHEREAS, the Property Owner owns the real property, the legal description of which is contained in Exhibit A attached hereto (the “Property”), which is located in the North Central Urban Renewal Area in the City; and

WHEREAS, an amended development agreement (the “Development Agreement”), dated _____, 2021, has been executed between the City and the Property Owner with respect to the redevelopment of the Property, including the construction of market-rate apartments thereon; and

WHEREAS, the City, the Property Owner and the Assessor entered into an Assessment Agreement (the “Original Assessment Agreement”) dated _____, 2018, pursuant to which it was agreed among the City, the Property Owner and the Assessor that the minimum actual value of the Property effective January 1, 2019 would be \$4,500,000; and

WHEREAS, pursuant to Section 403.6(19) of the Code of Iowa, the City and the Property Owner desire to establish a new minimum taxable value for the Property and the improvements thereon, which shall be effective as of January 1, 2022, and from then until this Agreement is terminated pursuant to the terms herein and which is intended to reflect the minimum market value of the land and improvements; and

WHEREAS, it is intended that this Amended Assessment Agreement (hereinafter referred to as the “Agreement”) shall replace the Original Assessment Agreement;

NOW, THEREFORE, the parties to this Agreement, in consideration of the promises, covenants and agreements made by each other, do hereby agree as follows:

1. Effective January 1, 2022, the minimum actual value which shall be assessed for the Property, taking into account the improvements to be constructed thereon, shall be Three Million Two Hundred Thousand Dollars (\$3,200,000) until termination of this Agreement.

2. The Property Owner hereby agrees that the assessed valuation (hereinafter referred to as the ("Minimum Actual Value")) set forth in Section 1 above shall become and remain effective as of January 1, 2022, and throughout the term of this Agreement, regardless of the actual degree of completion or incompleteness of the Project, even if construction of the Project is not commenced by such date. Furthermore, the Property Owner acknowledges that the City has changed its position in reliance on the timeliness of such valuation as set forth in the Development Agreement.

3. The Property Owner agrees to pay when due, all taxes and assessments, general or special, and all other charges whatsoever levied upon or assessed or placed against the Property, subject to any limitations set forth in the Development Agreement. The Property Owner further agrees that until this Agreement is terminated it will not seek administrative or judicial review of the applicability, enforceability, or constitutionality of this Agreement or the obligation to be taxed based upon the Minimum Actual Value or to raise any such argument by way of defense in any proceedings, including delinquent tax proceedings.

4. This Agreement, and the minimum assessed valuation established herein, shall be effective until such time as the City's obligation to make Payments (as defined in the Development Agreement) have been satisfied in full.

5. Nothing herein shall be deemed to waive the Property Owner's rights under Section 403.6(19) Code of Iowa, (2021) or otherwise, to contest that portion of any actual value assignment made by the Assessor in excess of the Minimum Actual Value.

6. This Agreement shall be promptly recorded with the Jasper County Recorder, along with a copy of Iowa Code Section 403.6.

7. Neither the preamble nor provisions of this Agreement are intended to, nor shall they be construed as, modifying the terms of any other contract between the City and the Property Owner, including the Development Agreement.

[Remainder of page intentionally left blank.]

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

CITY OF NEWTON, IOWA

By _____
Mayor

Attest:

City Clerk

LION DEVELOPMENT GROUP, LLC

By: _____
[Name]

Its: _____
[Title]

STATE OF IOWA)
)
COUNTY OF JASPER) SS:

The foregoing instrument was acknowledged before me this _____ day of _____, 2021 by Michael L. Hansen and Katrina Davis, the Mayor and City Clerk, respectively, of the City of Newton, Iowa, a municipal corporation, on behalf of the City.

Notary Public

STATE OF IOWA)
)
COUNTY OF JASPER) SS:

 The foregoing instrument was acknowledged before me this _____ day of _____, 2021 by _____ the _____ of Lion Development Group, LLC, an Iowa limited liability company.

Notary Public

EXHIBIT A

(Legal Description of Property)

Certain real property situated in the City of Newton, Jasper County, State of Iowa more particularly described as follows:

Lots 3, 4, 5, and 6 of Block 5, Newton Original Town Plat; and Lot 10 of the Plat of Lots 9 and 10 of Block 5, Newton Original Town Plat.

CERTIFICATION BY ASSESSOR

The undersigned Assessor, being legally responsible for the assessment of the above described property upon completion of improvements to be made on it, hereby certifies that the actual value assigned to such land and improvements upon completion, shall be not less than Three Million Two Hundred Thousand Dollars (\$3,200,000) until termination of the Agreement.

County Assessor for Jasper County,
State of Iowa

Subscribed and sworn to before me this ____ day of _____, 2021.

Notary Public

LIENHOLDER'S CONSENT, IF ANY

In consideration of one dollar and other valuable consideration, the receipt of which is hereby acknowledged, and notwithstanding anything in any loan or security agreement to the contrary, the undersigned ratifies, approves, consents to and confirms the Assessment Agreement entered into between the parties, and agrees to be bound by its terms. This provision shall be binding on the parties and their respective successors and assigns.

[NAME OF LIENHOLDER]

By: _____
Signature

Date: _____

STATE OF IOWA)
) SS:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2021 by _____ the _____ of _____.

Notary Public

[Add additional pages for each Lienholder]

[If no Lienholders exist, this consent will not be completed]

SECOND AMENDED DEVELOPMENT AGREEMENT

This Agreement is entered into between the City of Newton, Iowa (the “City”) and Lion Development Group, LLC (the “Developer”) as of the ____ day of _____, 2021 (the “Commencement Date”).

WHEREAS, the City has established the North Central Urban Renewal Area (the “Urban Renewal Area”), and has adopted a tax increment ordinance for the Urban Renewal Area; and

WHEREAS, the City owns certain real property which is situated in the Urban Renewal Area and is more specifically described on Exhibit A hereto (the “Property”); and

WHEREAS, the Developer has undertaken the acquisition of the Property and the redevelopment thereof, including the construction of market-rate apartments on the Property (the “Project”); and

WHEREAS, the Developer has requested that the City provide financial assistance in the form of an economic development grant and incremental property tax payments to be used by the Developer in paying the costs of acquiring the Property and undertaking the Project thereon; and

WHEREAS, the City and the Developer entered into a Development Agreement (the “Original Agreement”) dated _____, 2018, pursuant to which the City agreed to provide tax increment financing assistance to the Developer with respect to the Project; and

WHEREAS, the City and the Developer entered in to an Amended Development Agreement, dated _____, 2020 (the “First Amended Agreement”), which replaced the Original Agreement and increased the amount of tax increment financing assistance to be provided to the Developer; and

WHEREAS, the City and the Developer have agreed to adopt this Second Amended Development Agreement (the “Agreement”) to reduce the required minimum taxable assessed valuation for the Property; and

WHEREAS, this Agreement will replace the First Amended Agreement; and

WHEREAS, for purposes of calculating Incremental Property Tax Revenues (as herein defined) under this Agreement and Section 403.19 of the Code of Iowa, the base valuation of the Property is \$121,090; and

WHEREAS, Chapter 403 of the Code of Iowa authorizes cities to establish urban renewal areas and to undertake economic development and blight alleviation projects; and

WHEREAS, Chapter 15A of the Code of Iowa authorizes cities to provide grants, loans, guarantees, tax incentives and other financial assistance to or for the benefit of private persons;

NOW THEREFORE, the parties hereto agree as follows:

A. Developer's Covenants

1. Property Acquisition. The Developer agrees to acquire the Property from the City at the purchase price of Three Hundred Fifty Thousand Dollars (\$350,000). The real estate transaction (the "Real Estate Transaction") for the conveyance of the Property will be documented and conducted through separate purchase agreements, deeds of sale and related documents to be mutually negotiated and agreed to by the City and the Developer. The Developer agrees to cause the closing of the Real Estate Transaction by no later than July 31, 2018.

2. Project Construction. The Developer agrees to undertake the Project on the Property. The Project will minimally include the construction of forty-two (42) market-rate, two (2) bedroom apartments with adequate off-street parking. The Developer has submitted a detailed concept plan (the "Concept Plan") for the development of the Project to the City which is set forth as Exhibit B hereto. The Developer agrees to construct the Project in accordance with such Concept Plan. Further, the Developer will ensure that the Project is constructed and renovated in compliance with local zoning, land use, building and safety codes and regulations. The Developer agrees to invest not less than \$4,900,000 into capital improvements for the Project.

Subject to Unavoidable Delays (as hereinafter defined) the Developer agrees to commence construction of the Project by September 1, 2018, unless the City and the Developer agree in writing to an alternative date. Further, subject to Unavoidable Delays (as hereinafter defined) the Developer agrees to substantially complete construction of the Project by December 31, 2019.

For purposes of this Agreement, Unavoidable Delays means delays resulting from acts or occurrences outside the reasonable control of the party claiming the delay including but not limited to storms, floods, fires, explosions, or other casualty losses, unusual weather conditions, strikes, boycotts, lockouts, or other labor disputes, delays in transportation or delivery of material or equipment, litigation commenced by third parties, or the acts of any federal, State, or local governmental unit (other than acts of the City, with respect to a City- claimed delay).

3. Minimum Assessment Agreement. The Developer agrees to enter into an amended minimum assessment agreement (the "Assessment Agreement"), pursuant to Section 403.6 of the Code of Iowa fixing the minimum assessed valuation of the Property, in contemplation of the value to be added by the proposed Project, at not less than Three Million Two Hundred Thousand Dollars (\$3,200,000) (the "Minimum Assessed Valuation") as of January 1, 2022 (the "Valuation Date"). It is intended by the Developer that the Minimum Assessed Valuation shall be established on the Jasper County property tax rolls as of the Valuation Date regardless of the then-current degree of completion or incompleteness of the Project. The Assessment Agreement shall remain in effect throughout the Term (as hereinafter defined) of this Agreement.

4. Property Taxes. The Developer agrees to make timely payment of all property taxes as they come due with respect to the Property with the completed Project thereon throughout the Term (as hereinafter defined) and to submit a receipt or cancelled check in evidence of each such payment.

5. No Abatement; No Property Tax Exemption. The Developer agrees that it will not seek any tax exemption deferral or abatement either presently or prospectively authorized

under any State, federal or local law with respect to taxation of the Property throughout the Term (as hereinafter defined) including the property to be leased, sold, transferred to or otherwise used by an entity that is exempt from property taxes under the laws of the State of Iowa.

6. Insurance.

(a) The Developer, and any successor in interest to the Developer, shall obtain and continuously maintain insurance on the Property and the completed Project and, from time to time at the request of the City, furnish proof to the City that the premiums for such insurance have been paid and the insurance is in effect. The insurance coverage described below is the minimum insurance coverage that the Developer must obtain and continuously maintain, provided that the Developer shall obtain the insurance described in clause (i) below prior to the commencement of construction of the Project (excluding excavation and footings):

- (i) Builder's risk insurance, written on the so-called "Builder's Risk—Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Project at the date of completion, and with coverage available in non-reporting form on the so-called "all risk" form of policy.
- (ii) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with an Owner's/Contractor's Policy naming the City, as an additional insured, with limits against bodily injury and property damage of not less than \$2,500,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used), written on an occurrence basis.
- (iii) Workers compensation insurance, with statutory coverage.

(b) All insurance required in this Section shall be obtained and continuously maintained in responsible insurance companies selected by the Developer or its successors that are authorized under the laws of the State of Iowa to assume the risks covered by such policies. Unless otherwise provided in this Section, each policy must contain a provision that the insurer will not cancel nor modify the policy without giving written notice to the insured at least thirty (30) days before the cancellation or modification becomes effective. Not less than fifteen (15) days prior to the expiration of any policy, the Developer, or its successors or assigns, must renew the existing policy or replace the policy with another policy conforming to the provisions of this Section. In lieu of separate policies, the Developer or its successors or assigns, may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein.

(c) The Developer, its successors or assigns, agrees to notify the City promptly in the case of damage exceeding \$250,000 in amount to, or destruction of the Project resulting from fire or other casualty. Furthermore, the Developer agrees to apply the proceeds from any and all casualty claims against the insurance detailed in this Section to the restoration and improvement of the Property and/or the Project.

7. Indemnification. The Developer agrees to indemnify, defend and hold harmless the City, its officers, employees and departments, from and against any and all losses, liabilities, penalties, fines, damages, and claims (including taxes), and all related costs and

expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties) arising from or in connection with any of the following:

- a) Any claim, demand, action, citation or legal proceeding arising out of or resulting from the construction of the Project.
- b) Any claim, demand, action, citation or legal proceeding arising out of or related to occurrences that the Developer or successors in interest will insure against in connection with the Project and/or the Property; and
- c) Any claim, demand, action, citation or legal proceeding arising out of or resulting from an act or omission of the Developer or any of its agents in its or their capacity as an employer of a person.

8. Default Provisions. The following shall be "Events of Default" under this Agreement, and the term "Event of Default" shall mean, whenever it is used in this Agreement (unless otherwise provided), any one or more of the following events:

- a) Failure by the Developer to acquire the Property in accordance with this Agreement.
- b) Failure by the Developer to commence and complete construction of the Project pursuant to the terms and conditions of this Agreement. Failure to complete the Project by the stated completion date due to Unavoidable Delays shall not constitute default of this Agreement.
- c) Failure by the Developer to fully and timely remit payment of property taxes when due and owing.
- d) Failure by the Developer to observe or perform any other material covenant on its part, to be observed or performed hereunder.

Whenever any event of default described in this Agreement occurs, the City shall provide written notice to the Developer describing the cause of the default and the steps that must be taken by the Developer in order to cure the default. The Developer shall have thirty (30) days after receipt of the notice to cure the default or to provide assurances satisfactory to City that the default will be cured as soon as reasonably possible. If the Developer fails to cure the default or provide assurances, the City shall then have the right to:

- a) Pursue any action available to it, at law or in equity, in order to enforce the terms of this Agreement.
- b) Withhold the Payments provided for under Section B.1 below.

9. Legal and Administrative Costs. The Developer hereby acknowledges that the City will cover the initial payment of legal fees and administrative costs (the "Actual Admin Costs") incurred by the City in connection with the drafting, negotiation and authorization of this Agreement, including the necessary amendment to the Urban Renewal Area. Furthermore, the Developer agrees that the City shall withhold an amount (the "Admin Withholding Amount")

equal to the lesser of (1) \$10,000 or (2) the Actual Admin Costs from the initial Payments, as hereinafter set forth in order to recover some or all of the Actual Admin Costs.

B. City's Obligations

1. Economic Development Grant. In recognition of the Developer's obligations set out above, the City hereby agrees to fund an economic development grant (the "Grant") to the Developer in an amount equal to \$250,000 within thirty (30) days of the completion of the Real Estate Transaction.

2. Payments. In recognition of the Developer's obligations set out above, the City agrees to make eleven (11) annual economic development tax increment payments (the "Payments" and, individually each, a "Payment") to the Developer during the Term (as hereinafter defined) pursuant to Chapters 15A and 403 of the Code of Iowa, provided however that the aggregate, total amount of the Payments to be made under this Agreement during the Term (as hereinafter defined) shall not exceed \$900,000 (the "Maximum Payment Total").

The Payments shall not constitute general obligations of the City, but shall be made solely and only from Incremental Property Tax Revenues received by the City from the Jasper County Treasurer attributable to the taxable valuation of the Property. For purposes of this Agreement, Incremental Property Tax Revenues are calculated by: (1) determining the consolidated property tax levy (city, county, school, etc.) then in effect with respect to taxation of the Property; (2) subtracting (a) the debt service levies of all taxing jurisdictions, (b) the school district instructional support and physical plant and equipment levies, and (c) any other levies which may be exempted from such calculation by action of the Iowa General Assembly; (3) multiplying the resulting modified consolidated levy rate times any incremental growth in the taxable incremental valuation of the taxable property in the Urban Renewal Area, as shown on the property tax rolls of Jasper County.

Prior to funding any Payments under this Agreement, the City will first withhold from the Incremental Property Tax Revenues an amount equal to the Admin Withholding Amount. Once an amount equal to the Admin Withholding Amount has been withheld by the City, the Payments shall be made as set forth herein.

Each Payment shall be in an amount equal to the Incremental Property Tax Revenues available to the City with respect to the Property during the twelve (12) months immediately preceding each Payment date factored by the then-current Annual Percentage. For purposes of this Agreement "Annual Percentage" shall mean the percentage in effect from time to time as set forth in the following table:

Fiscal Year of City	Annual Percentage
First through Sixth Payment Years	100%

Seventh and Eighth Payment Years	70%
Ninth Payment Year	60%
Tenth Payment Year	50%
Eleventh Payment Year	40%

It is assumed that the new valuation from the Project went on the property tax rolls as of January 1, 2019. Accordingly, the Payments will be made on June 1 of each fiscal year, beginning on June 1, 2021 and continuing to, and including, June 1, 2031, or until such earlier date upon which total Payments equal to the Maximum Payment Total have been made.

3. Certification of Payment Obligation. Pursuant to the requirements of Section 403.19 of the Code of Iowa and in order to make provision for the funding of the Payments, the City Clerk will certify by no later than December 1, 2019 to the Jasper County Auditor an amount of indebtedness payable from Incremental Property Tax Revenues under this Agreement equal to \$900,000 with further instructions that the Incremental Property Tax Revenues be divided and disbursed each year by the County in accordance with the schedule of Annual Percentages set forth above (for example the County will be instructed to divide and disburse forty percent of the Incremental Property Tax Revenues available from the Property in the tenth payment year).

C. Administrative Provisions

1. Amendment and Assignment. Neither party may cause this Agreement to be amended, assigned, assumed, sold or otherwise transferred without the prior written consent of the other party. However, the City hereby gives its permission that the Developer's rights to receive the Payments hereunder may be assigned by the Developer to a private lender, as security on a credit facility taken with respect to the Project, without further action on the part of the City.

2. Successors. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

3. Term. The term (the "Term") of this Agreement shall commence on the Commencement Date and end on June 1, 2031 or on such earlier date upon which the aggregate sum of Payments made to the Developer equals the Maximum Payment Total.

4. Choice of Law. This Agreement shall be deemed to be a contract made under the laws of the State of Iowa and for all purposes shall be governed by and construed in accordance with laws of the State of Iowa.

The City and the Developer have caused this Agreement to be signed, in their names and on their behalf by their duly authorized officers, all as of the day and date written above.

CITY OF NEWTON, IOWA

By: _____
Mayor

Attest:

City Clerk

LION DEVELOPMENT GROUP, LLC

By: _____

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

Certain real property situated in the City of Newton, Jasper County, State of Iowa, as follows:

Lots 3, 4, 5, and 6 of Block 5, Newton Original Town Plat; and Lot 10 of the Plat of Lots 9 and 10 of Block 5, Newton Original Town Plat.

EXHIBIT B
CONCEPT PLAN

