

CITY OF NEWTON, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

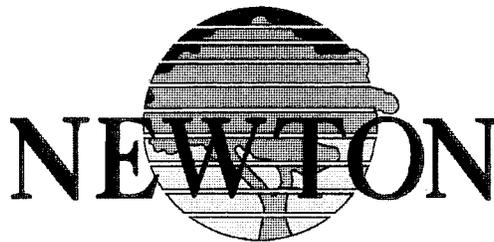
JUNE 30, 2009

City of Newton, Iowa
Table of Contents

	<u>Page</u>
Introductory Section:	
Letter of Transmittal	1-5
City Organizational Chart	7
Officials	8
Financial Section:	
Independent Auditor's Report	9-10
Management's Discussion and Analysis (MD&A)	11-17
Basic Financial Statements:	<u>Exhibit</u>
Government-Wide Financial Statements:	
Statement of Activities and Changes in Cash Balances	A 20
Fund Financial Statements:	
Statement of Cash Transactions and Changes in Cash Balances - Governmental Funds	B 21
Statement of Cash Transactions and Changes in Cash Balances - Proprietary Funds	C 22
Notes to Basic Financial Statements	23-33
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Fund	36-37
Notes to Required Supplementary Information - Budgetary Reporting	38
Other Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Schedule of Cash Transactions and Changes in Cash Balances	1 40
Nonmajor Enterprise Funds:	
Combining Schedule of Cash Transactions and Changes in Cash Balances	2 41
Schedule of Indebtedness	3 42-43
Bonds and Notes Maturities	4 44-47
Schedule of Receipts by Source and Disbursements by Function - All Governmental Fund Types	5 48
Compliance Section:	
Schedule of Expenditures of Federal Awards	49
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 <u>Government Auditing Standards</u>	50-51
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	52-53
Schedule of Findings and Questioned Costs	54-58

	<u>Table</u>	<u>Page</u>
Statistical Section(Unaudited):		
Tax Increment Financing Fund - Statement of Cash Receipts and Disbursements	1	59
Comparison of Enterprise Funds Charges for Service Receipts	2	61
Comparative Total and Per Capita Program Disbursements	3	62-63
Comparative Property Tax Receipts by Fund Type	4	65
Comparative Property Tax Levies and Collections	5	66-67
Comparative Property Tax Rates Per \$1,000 of Assessed Valuation	6	68-69
Comparative Ratio of General Obligation Bonded Debt to Taxable Value and General Obligation Bonded Debt Per Capita	7	70
Schedule of Insurance Coverage	8	71
Sewer Fund Data	9	72
Miscellaneous Statistical Data	10	73

INTRODUCTORY SECTION



March 24, 2010

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, 2009, 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 a cash basis of accounting. All disclosures necessary to enable the reader to gain an understanding of the government'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, the government's organizational chart, and a list of City officials. The financial section includes the independent auditor's report, management's discussion and analysis, basic financial statements and required supplemental information. The statistical section includes selected financial and demographic information generally presented on a multi-year basis.

The Compliance Section of this report includes the auditor's report on internal control over financial reporting and compliance with requirements applicable to laws, regulations, contracts, and other matters.

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 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 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 for 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.

This report includes all funds of the City of Newton. 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.

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. The 2008-09 fiscal year saw the impacts of a weak national economy, but also was a time for employment growth in Newton. Through aggressive pursuit of new businesses combined with local resourcefulness, Newton was able to stabilize its economy and set a positive course for future growth.

The 2008-09 fiscal year was the first one in over a century without Maytag being a major part of Newton's local economy. A worldwide icon of dependability, the Maytag Corporation had made Newton its home for 113 years, but their presence mostly came to an end in 2007. The loss of thousands of manufacturing and office jobs and millions in tax base obviously created huge challenges for the local Newton economy.

With the end of Maytag came opportunities for new companies to utilize the facilities and workforce. In 2008-09, two large manufacturers opened facilities in Newton. TPI Composites opened a new, 300,000 square foot facility in Newton in September 2008 and was on pace to meet its commitment of employing over 500 workers to manufacture wind blades. Trinity Structural Towers remodeled a portion of the former Maytag manufacturing plant and opened a factory there in October 2008, with a commitment to employ at least 140 people manufacturing wind turbine towers. This transformation from appliance manufacturing to "green collar" manufacturing in the rapidly growing wind industry drew national attention. President Obama gave his Earth Day address in April 2009 in Newton at the Trinity manufacturing plant, highlighting the new strengths of the local economy.

In 2008-09, work also continued on the remaking of the Maytag corporate campus in downtown Newton. Abandoned portions of the buildings in the complex were demolished, while other areas were prepared for future occupants. Iowa Telecom, the owner of the majority of the complex, expanded its headquarters operations and continued to actively seek other occupants for vacant spaces. Additionally, the Des Moines Area Community College, in partnership with area high schools, aggressively remodeled some of the Maytag complex into a Career Academy for local students.

Newton remains the stable home of many strong local employers like Vernon Company, Newton Manufacturing, Thornbert Inc., Rock Communications, and Cline

Tool. While the weakness in the national economy impacted all Newton businesses, most were able to adapt and remain viable.

Another prominent economic success story in Newton in 2008-09 was the continued success of the Iowa Speedway. This \$70 million state-of-the-art facility opened in 2006 and hosts several large, nationally-televised events throughout each year. The Speedway consists of a 7/8 mile oval racetrack, an infield road course, over 25,000 permanent grandstand seats, and two dozen luxury suites. The track attracted over 250,000 spectators in the summer of 2009. The community also saw development growth in the area surrounding the Speedway. An AmericInn hotel opened in late 2008, and another hotel broke ground in the spring of 2009. The Speedway is forecasted to continue to draw more tourists and new businesses to the area in future years.

The overall outlook for Newton is positive. Though slowed by the national economic situation, Newton is still well-positioned for economic growth. The community is located along major transportation routes near an expanding metropolitan area and is intentionally diversifying its economic base. For these factors, Newton will continue to recover from the departure of Maytag and be poised for consistent future growth.

CITY OPERATIONS

The Mayor, City Council and City staff conduct strategic planning 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 conducted a strategic planning workshop in August of 2008.

FINANCIAL INFORMATION

City administration is responsible for establishing and maintaining internal control designed to ensure that the assets of the government 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 an other 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 with the exception of non-expendable trust funds, the internal service fund, and agency funds. 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, 2009, the City of Newton had a number of debt issues outstanding. These issues included \$21,019,852 of general obligation bonds, \$4,080,000 of sewer revenue capital loan notes, and \$70,000 of special assessment bonds and notes. The government has an A1 rating from Moody's Investors Service on general obligation bond issues. Under current state statutes, the government's general obligation debt issues are subject to a legal limitation based on 5 percent of total actual value of real property. The government's net general obligation debt of \$25,169,852 was below the legal limit of \$35,557,875.

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, certificates of deposit, U.S. Treasury securities, and authorized mutual funds. 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 collateralized. All collateral on uninsured deposits was held either by the State Treasurer, the government, its agent, or a financial institution's trust department in the government's name. All of the investments subject to risk categorization were classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

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 has also established a self-insurance plan for medical, dental, and prescription drug expenses and purchases specific and aggregate stop-loss coverage from HCC / Comrisk Reinsurance. United Medical Resources has provided third party administration of the pool for the City since July 1, 2008.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Nolte, Cornman & Johnson P.C. was selected for this purpose. The independent auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Evaluation by Moody's Investors Service

In 2007, Moody's Investors Service affirmed its A1 rating to the City of Newton's general obligation debt. In its affirmation, Moody's indicated that the assignment of the "A1 rating is based on the City's moderately sized tax base that has begun to address challenges related to the closing of the Maytag corporate headquarters and its research/production facilities; the return to structural balance in the City's various funds; and above average debt profile.

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 efficient and dedicated services of the Administration Department staff and the efficient assistance of the City's independent auditors, Nolte, Cornman & Johnson P.C.

Respectfully submitted,

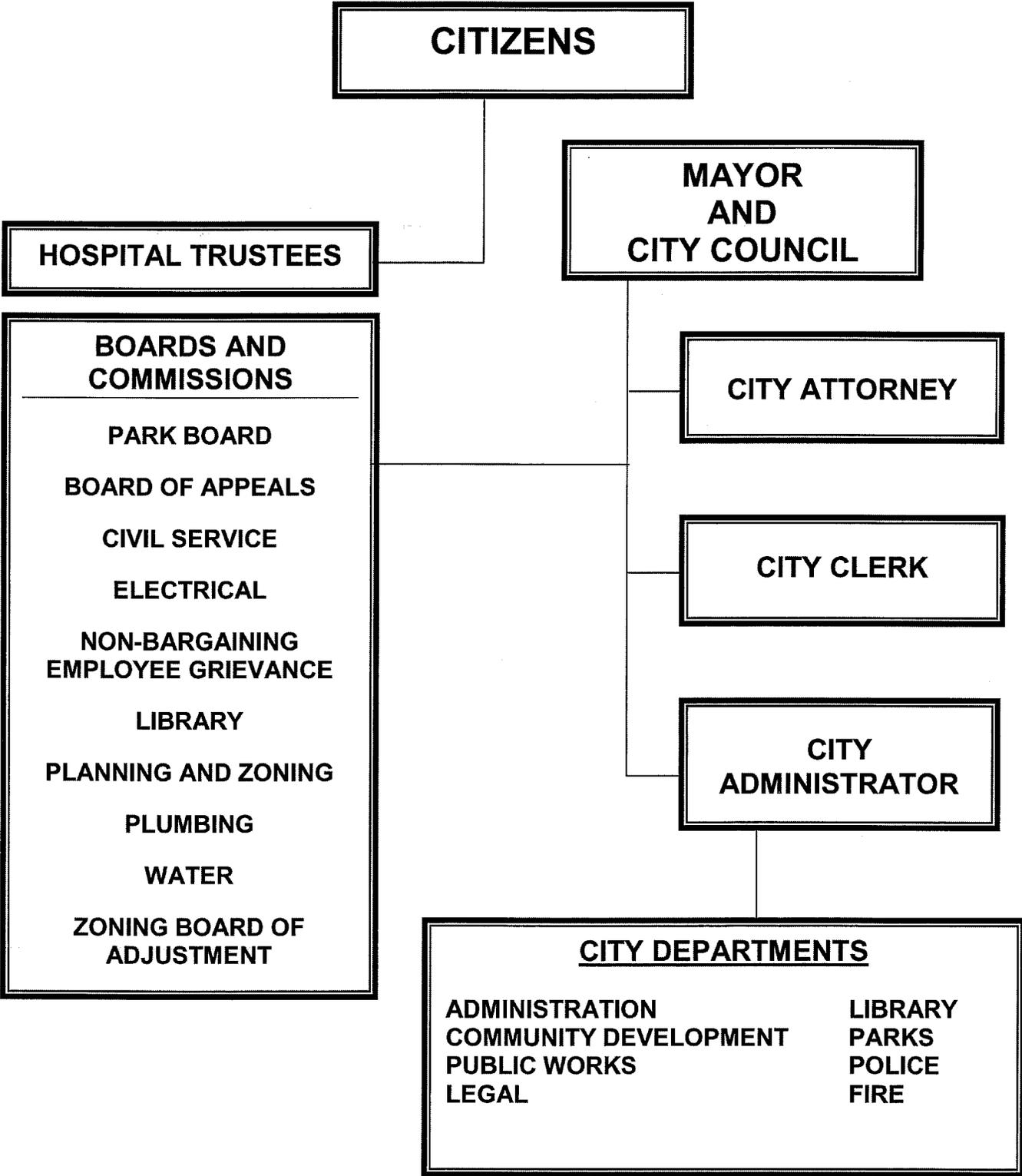


Thomas R. Wardlow
City Administrator

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CITY OF NEWTON



City of Newton, Iowa
Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Charles Allen	Mayor	December 31, 2009
D.J. Julius	Council - At Large	December 31, 2009
Vacancy	Council - At Large	December 31, 2009
Jim Plumb	Council - First Ward	December 31, 2011
Michael Hansen	Council - Second Ward	December 31, 2009
Marvin Morris	Council - Third Ward	December 31, 2011
Steve Mullan	Council - Fourth Ward	December 31, 2009
Thomas Wardlow	City Administrator	Appointed
Darrin Hamilton	City Attorney	Appointed
Candice Van Zee	City Clerk	Appointed

FINANCIAL SECTION

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying primary government financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Newton, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Newton. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Newton at June 30, 2009, and the respective changes in financial position – cash basis for the year then ended in conformity with the basis of accounting described in Note 1.

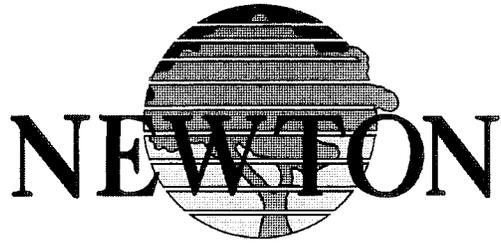
In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 11 through 17 and 36 through 38 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the aforementioned financial statements that collectively comprise the financial statements of the City of Newton. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed an unqualified opinion on those financial statements. The supplementary information included in Schedule 1 through 5, is presented for purposes of additional analysis and is not required parts of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section tables have not been subject to the auditing procedures applied by us in the audit of the financial statements, and accordingly we express no opinion on them.


NOLTE, CORNMAN & JOHNSON, P.C.

Newton, Iowa
March 24, 2010



CITY OF NEWTON, IOWA MANAGEMENT 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, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The City's General Fund receipts of \$8,250,998 decreased \$1,412,371 or 14.62% from the FY 2008 receipts of \$9,663,369.
- General Fund property taxes decreased by \$185,520 or 5.71% to \$3,062,943 over the FY 2008 tax collections of \$3,248,463.
- The City's General Fund disbursements of \$8,452,303 increased \$232,110 or 2.67% from the FY 2008 disbursements of \$8,684,413.
- The City's General Fund end of year cash balance of \$3,171,978 decreased \$201,305 or 5.97% from the FY 2008 cash balance of \$3,373,283.
- There were no significant changes in the City's operations.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

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

The Government-wide Financial Statements consists of a statement of activities and changes in cash balances. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

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

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

Supplementary Information provides detailed information about the annual budget, nonmajor governmental funds and debt obligations.

REPORTING THE CITY AS A WHOLE

The statement of activities and changes in cash balance presents information showing how the City's cash balance changed during the most recent fiscal year.

The City's governmental activities are displayed in the statement of activities and changes in the cash balance. Governmental activities include public safety public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.

The business-type activities of the City include the landfill, sanitary sewer system, and other non-major enterprise funds. These activities are financed primarily by user charges.

Fund Financial Statements

The fund financial statements provide detailed information about individual, significant funds; not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City can establish other funds to help it control and manage money for particular purposes.

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. They focus on how money flows into and out of the funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Road Use Tax and Tax Increment Financing, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Funds. Governmental funds are reported on the basis of cash receipts and disbursements. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Financial records and reports are prepared on the basis of when cash is received and disbursed. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

2) Proprietary funds account for the City's Enterprise Funds and for the Internal Service Fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide statement of activities and changes in cash balance. The City maintains two Enterprise Funds to provide separate information for the landfill and sanitary sewer funds, considered to be major funds of the City. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The Internal Service Fund utilized by the City accounts for employee group health insurance.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the City reports the activities of the funds using the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP). The City does not report capital assets or depreciation on those assets as would be required by GAAP.

Governmental Activities

The City's end of year cash balance for governmental activities of \$6,166,036 decreased \$1,171,337 or 15.96% from the FY 2008 end of year cash balance of \$7,337,337.

Changes in Cash Balance of Governmental Activities (Expressed in Thousands)			
	Governmental Activities		Total Change
	2009	2008	2008-09
Receipts and Transfers:			
Charges for service and sales	\$ 2,483	2,288	8.52%
Operating grants, contributions and restricted interest	4,412	3,509	25.73%
Capital grants, contributions and restricted interest	92	1,400	-93.43%
General revenues:			
Property tax	7,386	7,660	-3.58%
Unrestricted investment earnings	77	219	-64.84%
Other general receipts	2,365	3,154	-25.02%
Transfers	13	35	-62.86%
Total receipts and transfers	16,828	18,265	-7.87%
Disbursements:			
Public safety	5,465	5,258	3.94%
Public works	2,557	2,571	-0.54%
Health and social services	12	13	-7.69%
Culture and recreation	1,810	1,753	3.25%
Community and economic development	618	3,466	-82.17%
General government	1,257	1,331	-5.56%
Debt service	2,162	2,711	-20.25%
Capital project	4,118	430	857.67%
Total disbursements	17,999	17,533	2.66%
Increase(Decrease) in cash balance	(1,171)	732	-259.97%
Cash Balance Beginning of Year	7,337	6,605	11.08%
Cash Balance End of Year	\$ 6,166	7,337	-15.96%

Changes in Cash Balance of Business-Type Activities (Expressed in Thousands)			
	Business-Type Activities		Total Change
	2009	2008	2008-09
Receipts and Transfers:			
Program receipts:			
Charges for service and sales:			
Landfill	\$ 1,311	1,257	4.30%
Sewer	1,955	2,145	-8.86%
Other	485	463	4.75%
Operating grants, contributions and restricted interest			
Other	81	0	100.00%
General receipts:			
Unrestricted investment earnings	59	112	-47.32%
Bond proceeds	20	2,514	-99.20%
Other general receipts	56	78	-28.21%
Transfers	(13)	(35)	-62.86%
Total receipts and transfers	<u>3,954</u>	<u>6,534</u>	<u>-39.49%</u>
Disbursements:			
Landfill	664	689	-3.63%
Sewer	2,183	4,287	-49.08%
Other	426	493	-13.59%
Total disbursements	<u>3,273</u>	<u>5,469</u>	<u>-40.15%</u>
Increase in cash balance	681	1,065	-36.06%
Cash Balance Beginning of Year	<u>4,443</u>	<u>3,378</u>	<u>31.53%</u>
Cash Balance End of Year	<u>\$ 5,124</u>	<u>4,443</u>	<u>15.33%</u>

THE CITY'S INDIVIDUAL MAJOR FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's funds is to provide information on near-term inflows, outflows and cash balances of spendable resources. The following are major reasons for the changes in cash balances from the prior year for the City's major funds.

Governmental Funds.

- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the cash balance of the General Fund was \$3,171,978 decreased \$201,305 or 5.97% from the prior year ending cash balance of \$3,373,283.

Proprietary Funds.

- The Sewer Fund end of year cash balance of \$1,334,710 decreased \$190,010 or 12.46% from the FY 2008 end of year cash balance of \$1,524,720.
- The Landfill Fund end of year cash balance of \$3,158,536 increased \$636,094 or 25.22% from the FY 2008 end of year cash balance of \$2,522,442.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the City Council annually adopts a budget following a required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its operating budget once.

DEBT ADMINISTRATION

At FY2009 year-end, the City had \$25,169,852 in bonds and other long-term debt compared to \$26,674,030 last year as shown below.

<hr/>		
Outstanding Debt at Year-End		
(Expressed in Thousands)		
<hr/>		
	2009	2008
General obligation bonds	\$ 21,020	\$ 22,105
Special assessment bonds and notes	70	105
Capital leases	-	-
Sewer revenue capital loan notes	4,080	4,464
Total	\$ 25,170	\$ 26,674

The City's general obligation bond rating continues to be A1 rating as rated by Moody's. The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$25,169,852 is below the City's legal debt limit.

More detailed information about the City's long-term liabilities is presented in Note 3 to the financial statements.

ECONOMIC FACTORS BEARING ON THE CITY'S FUTURE

After having implemented a one-cent sales tax in 2006, the city has realized additional revenues that have provided relief to property tax payers and funded needs and programs.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

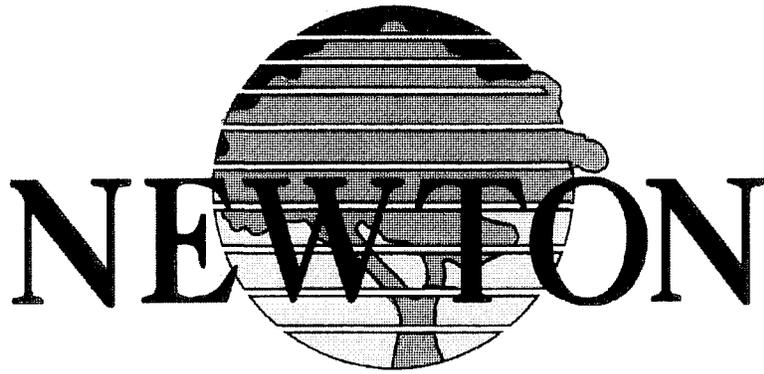
This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Thomas R. Wardlow, City Administrator, 101 West 4th Street South, Newton, Iowa.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas R. Wardlow". The signature is fluid and cursive, written over a horizontal line.

Thomas R. Wardlow
City Administrator

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BASIC FINANCIAL STATEMENTS

CITY OF NEWTON, IOWA
STATEMENT OF ACTIVITIES AND CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2009

	Program Receipts				Net (Disbursements) Receipts		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental activities:							
Public safety	\$ 5,464,580	1,293,581	272,075	0	(3,898,924)	0	(3,898,924)
Public works	2,556,561	935,966	1,292,586	0	(328,009)	0	(328,009)
Health and social services	12,032	0	0	0	(12,032)	0	(12,032)
Culture and recreation	1,809,924	153,897	0	0	(1,656,027)	0	(1,656,027)
Community and economic development	618,532	0	0	0	(618,532)	0	(618,532)
General government	1,257,096	99,714	16,579	0	(1,140,803)	0	(1,140,803)
Debt service	2,161,937	0	0	0	(2,161,937)	0	(2,161,937)
Capital projects	4,118,643	0	2,830,640	92,183	(1,195,820)	0	(1,195,820)
Total governmental activities	17,999,305	2,483,158	4,411,880	92,183	(11,012,084)	0	(11,012,084)
Business-type activities:							
Landfill	664,090	1,310,509	0	0	0	646,419	646,419
Sewer	2,183,189	1,955,306	0	0	0	(227,883)	(227,883)
Golf	425,804	485,479	80,744	0	0	140,419	140,419
Total business-type activities	3,273,083	3,751,294	80,744	0	0	558,955	558,955
Total	\$ 21,272,388	6,234,452	4,492,624	92,183	(11,012,084)	558,955	(10,453,129)
General Receipts:							
Property tax levied for:							
General purposes					\$ 3,062,943	0	3,062,943
Employee benefits					1,559,462	0	1,559,462
Debt service					871,204	0	871,204
Tax increment financing					1,891,542	0	1,891,542
Other city tax					1,655,392	40,450	1,695,842
Unrestricted investment earnings					77,301	58,701	136,002
Bond proceeds, net					0	19,822	19,822
Special assessments					24,383	0	24,383
Miscellaneous					609,260	15,694	624,954
Sale of capital assets					76,362	0	76,362
Transfers					12,898	(12,898)	0
Total general receipts and transfers					9,840,747	121,769	9,962,516
Changes in cash balances					(1,171,337)	680,724	(490,613)
Cash balances beginning of year					7,337,373	4,442,975	11,780,348
Cash balances end of year					\$ 6,166,036	5,123,699	11,289,735

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF NEWTON, IOWA
STATEMENT OF CASH TRANSACTIONS AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	Special Revenue				Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total
	General	Road Use Tax	Employee Benefits	Tax Increment Financing				
Receipts:								
Property tax	\$ 3,062,943	0	1,559,462	0	871,204	0	0	5,493,609
Tax increment financing collections	0	0	0	1,891,542	0	0	0	1,891,542
Other city tax	1,178,027	0	447,546	0	29,819	0	0	1,655,392
Licenses and permits	159,900	0	0	0	0	0	0	159,900
Use of money and property	147,677	0	552	14,311	1,379	4,316	8,780	177,015
Intergovernmental	288,654	1,292,586	0	2,830,640	0	92,183	0	4,504,063
Charges for services	2,223,544	0	0	0	0	0	0	2,223,544
Special assessments	1,827	0	0	0	22,556	0	0	24,383
Miscellaneous	324,516	0	3,215	900	0	280,629	0	609,260
Total receipts	7,387,088	1,292,586	2,010,775	4,737,393	924,958	377,128	8,780	16,738,708
Disbursements:								
Governmental activities:								
Public safety	3,780,852	0	1,504,110	0	0	0	0	5,284,662
Public works	1,399,467	1,063,581	60,443	0	0	0	0	2,523,491
Health and social services	12,032	0	0	0	0	0	0	12,032
Culture and recreation	1,487,676	0	286,374	0	0	0	0	1,774,050
Community and economic development	437,308	0	56,222	78,038	0	0	27,766	599,334
General government	1,012,027	0	178,440	0	0	0	0	1,190,467
Debt service	0	0	0	0	2,161,937	0	0	2,161,937
Capital projects	0	0	0	3,331,787	0	786,856	0	4,118,643
Total disbursements	8,129,062	1,063,581	2,085,589	3,409,825	2,161,937	786,856	27,766	17,664,616
Excess (deficiency) of receipts over (under) disbursements	(741,974)	229,005	(74,814)	1,327,568	(1,236,979)	(409,728)	(18,986)	(925,908)
Other financing sources (uses):								
Sale of capital assets	41,226	0	0	0	0	35,136	0	76,362
Transfers in	822,684	0	15,236	0	1,114,709	0	0	1,952,629
Transfers out	(323,241)	(274,530)	0	(1,585,263)	0	(56,697)	0	(2,239,731)
Total other financing sources (uses)	540,669	(274,530)	15,236	(1,585,263)	1,114,709	(21,561)	0	(210,740)
Deficiency of revenues and other financing sources under disbursements and other financing uses	(201,305)	(45,525)	(59,578)	(257,695)	(122,270)	(431,289)	(18,986)	(1,136,648)
Cash balances beginning of year	3,373,283	55,737	38,920	2,343,200	112,577	591,056	476,487	6,991,260
Cash balances end of year	\$ 3,171,978	10,212	(20,658)	2,085,505	(9,693)	159,767	457,501	5,854,612

Amount reported for governmental activities in the statement of activities and changes in cash balance are different because:

Deficiency of receipts and other financing sources under disbursements and other financing uses	\$ (1,136,648)
The internal service fund is used by management to charge the costs of employee health benefits to individual funds. The net loss of the internal service fund is reported with governmental activities.	<u>(34,689)</u>

Change in cash balance of governmental activities	<u>\$ (1,171,337)</u>
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SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF NEWTON, IOWA
STATEMENT OF CASH TRANSACTIONS AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	Enterprise Funds				Internal Service Fund Group Insurance
	Landfill	Sewer	Other Nonmajor Enterprise Funds	Total	
Receipts:					
Charges for services	\$ 1,310,509	1,955,306	485,479	3,751,294	1,601,121
Use of money and property	42,075	13,549	3,077	58,701	802
Other city tax	0	0	40,450	40,450	0
Intergovernmental	0	0	80,744	80,744	0
Miscellaneous	8,770	4,502	2,422	15,694	0
Total receipts	<u>1,361,354</u>	<u>1,973,357</u>	<u>612,172</u>	<u>3,946,883</u>	<u>1,601,923</u>
Disbursements:					
Business-type activities:					
Operations	574,838	1,476,321	417,204	2,468,363	0
Debt service	0	537,814	0	537,814	0
Capital projects	89,252	169,054	8,600	266,906	0
	<u>664,090</u>	<u>2,183,189</u>	<u>425,804</u>	<u>3,273,083</u>	<u>0</u>
Governmental activities:					
Non-program	0	0	0	0	1,936,612
Total disbursements	<u>664,090</u>	<u>2,183,189</u>	<u>425,804</u>	<u>3,273,083</u>	<u>1,936,612</u>
Excess(deficiency) of receipts over (under) disbursements	697,264	(209,832)	186,368	673,800	(334,689)
Other financing sources(uses):					
Bond proceeds, net	0	19,822	0	19,822	0
Transfers in	0	0	84,411	84,411	300,000
Transfers out	(61,170)	0	(36,139)	(97,309)	0
Total other financing sources(uses)	<u>(61,170)</u>	<u>19,822</u>	<u>48,272</u>	<u>6,924</u>	<u>300,000</u>
Excess(deficiency) of revenues and other financing sources over(under) disbursements and other financing uses	636,094	(190,010)	234,640	680,724	(34,689)
Cash balances beginning of year	<u>2,522,442</u>	<u>1,524,720</u>	<u>395,813</u>	<u>4,442,975</u>	<u>346,113</u>
Cash balances end of year	<u>\$ 3,158,536</u>	<u>1,334,710</u>	<u>630,453</u>	<u>5,123,699</u>	<u>311,424</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

CITY OF NEWTON, IOWA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

The City of Newton, Iowa, was incorporated in 1857 and operates under the Mayor/Council/Administrator form of government. The City of Newton provides a broad range of services to citizens, including general government, public safety, streets, sanitation, and health, cultural and park facilities, and social services. It also operates the airport, landfill, parking facilities, and sewer utilities.

Reporting Entity

For financial reporting purposes, the City of Newton, Iowa, 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. These criteria also include organizations that are fiscally dependent on the City.

The following component units are entities which are legally separate from the City. However, the financial transactions of these component units have not been displayed because they use a different basis of accounting.

The Newton Municipal Waterworks (Waterworks) is a municipal utility of the City of Newton, Iowa, which is operated under Chapter 338 of the Code of Iowa and the Newton City Code. The Waterworks is legally separate from the City but has the potential to provide specific benefits to, or impose specific burdens on the City. The Waterworks is governed by a three-member board appointed by the Mayor and approved by the City Council. The Waterworks has been audited separately. Complete financial statements can be obtained from the Waterwork's administrative office.

Skiff Medical Center (Medical Center) is a municipal hospital of the City of Newton, Iowa, organized under Chapter 392 of the Code of Iowa, and is governed by a five-member board elected by the citizens of Newton. The Medical Center is fiscally dependent on the City because general obligation bond issuance authorizations are approved by the City Council, and the liability for the general obligation bonds remains with the City. The Medical Center has been audited separately by other auditors. Complete financial statements can be obtained from the Medical Center's administrative office.

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Jointly Governed Organizations

The City also participates in several jointly governed organizations that provides 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 Poweshiek-Jasper County Task Force, the Jasper County Joint E911 Service Board, and the Jasper County Assessor's Conference Board.

Government-wide Financial Statements

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

The statement of activities and changes in cash balances demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that 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 that are restricted to meeting the operational or capital requirements of a particular function. Tax and other items not properly included among program receipts are reported instead as general receipts.

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

Basis of Accounting

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

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts that are 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 that are not paid from other funds.

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Special Revenue Funds:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Employee Benefits Fund is used to account for the payment of employee benefits funded by the employee benefit property tax levy.

The Tax Increment Financing Fund is used to account for projects financed by tax increment financing.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general obligation debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

Additionally, the City reports the following major proprietary funds:

The Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

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

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.

Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds, except permanent funds, the internal service fund, and agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements, known as functions, not by fund or fund type. These ten functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type activities, and non-program.

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Property Taxes

By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. The levy or lien date is the date that the tax asking is certified by the City to the County. Property taxes are levied as of July 1 on property values assessed as of January 1 of the previous year. The tax levy is divided into two billings. The first billing is mailed on July 1 and the second billing is mailed on January 1. The billings are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending three months after the tax bill mailing. On these dates (September 30 and March 31), the bill becomes delinquent, and penalties and interest may be assessed by the governments.

Note 2 - Cash and Investments

The City's deposits in banks at June 30, 2009, were entirely covered by federal depository insurance or by the State sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City 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 assets that were classified as investments at June 30, 2009.

Note 3 - Bonds and Notes Payable

Annual debt service requirements to maturity for the City's indebtedness are as follows:

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Year Ending June 30,	General Obligation Bonds		Sewer Revenues Capital Loan Notes		Special Assessment Capital Loan Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
	2010	\$ 1,165,000	\$ 792,451	\$ 199,000	\$ 359,136	35,000
2011	1,155,000	742,552	205,000	307,886	35,000	2,460
2012	1,200,000	693,203	212,000	261,068	-	-
2013	985,000	640,039	219,000	211,183	-	-
2014	5,299,852	594,617	225,000	173,278	-	-
2015	1,265,000	519,469	232,000	133,855	-	-
2016	1,210,000	463,481	240,000	108,170	-	-
2017	1,075,000	408,755	247,000	87,006	-	-
2018	1,130,000	360,664	254,000	74,556	-	-
2019	1,045,000	309,835	263,000	61,410	-	-
2020	830,000	262,444	271,000	53,520	-	-
2021	850,000	223,888	279,000	45,390	-	-
2022	890,000	183,512	288,000	37,020	-	-
2023	930,000	141,238	298,000	28,380	-	-
2024	975,000	97,063	154,000	19,440	-	-
2025	1,015,000	50,750	159,000	14,820	-	-
2026	-	-	165,000	10,050	-	-
2027	-	-	170,000	5,100	-	-
Total	\$ 21,019,852	\$ 6,483,961	\$ 4,080,000	\$ 1,991,268	\$ 70,000	\$ 7,380

Year Ending June 30,	Total	
	Principal	Interest
2010	\$ 1,399,000	\$ 1,156,507
2011	1,395,000	1,052,898
2012	1,412,000	954,271
2013	1,204,000	851,222
2014	5,524,852	767,895
2015	1,497,000	653,324
2016	1,450,000	571,651
2017	1,322,000	495,761
2018	1,384,000	435,220
2019	1,308,000	371,245
2020	1,101,000	315,964
2021	1,129,000	269,278
2022	1,178,000	220,532
2023	1,228,000	169,618
2024	1,129,000	116,503
2025	1,174,000	65,570
2026	165,000	10,050
2027	170,000	5,100
Total	\$ 25,169,852	\$ 8,482,609

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The resolutions providing for the issuance of the sewer revenue capital loan notes include the following provisions:

- a) The notes will only be redeemed from the future earnings of the Sewer Fund, and the note holders hold a lien on the future earnings of the fund.
- b) Establish a Subordinated Sinking Fund and make a monthly cash transfer equal to 1/6 of the installment of interest coming due on the next interest payment date plus 1/12 of the installment of principal coming due on the notes on the next succeeding principal payment date.

Note 4 - Variable Interest Rate on 2009A Series G.O. Bonds

During the year ended June 30, 2007, the City borrowed money to finance urban renewal. The money borrowed is at a variable interest rate with a cap at prime plus 1.25%. At June 30, 2009 the rate was 9.25%. The maximum amount of credit available to the City is \$3,721,500. It is expected that the U.S. Motorsport Corporation will be reimbursing the City for an imposed \$1 surcharge on all admission tickets sold, as well as interest on \$2 million of the line of credit used for economic development grants. Details of the City's borrowings are as follows:

Balance Beginning of Year	Increases	Decreases	Balance End of Year
\$ 3,644,852	0	0	3,644,852

Note 5 - Employment Retirement Systems

MFPSI - The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan) which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability, and death benefits established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, Suite 201, West Des Moines, IA 50266.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, cannot be less than 17% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2009, 2008 and 2007 were \$519,538, \$648,188, and \$709,104, respectively, which (met) exceeded the required minimum contribution for each year.

IPERS - The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to

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plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary, and the City is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Plan members are required to contribute 3.90% of their annual covered salary, and the City is required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008. Plan members are required to contribute 3.70% of their annual covered salary, and the City is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$211,869, \$203,585, and \$181,942, respectively, equal to the required contributions for each year.

Note 6 - Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensated absences payable to employees at June 30, 2009, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	<u>\$ 675,971</u>

Upon termination, retirement, or death, City employees are not paid for unused sick leave.

This liability has been computed based on rates of pay in effect at June 30, 2009.

Note 7 - Landfill Closure and Postclosure Care

The City of Newton has entered into an agreement with several other municipalities as allowed under Section 28E of the Code of Iowa to provide for economical and environmentally responsible disposal of solid waste and establish permanent environmental responsibility for the Newton Sanitary Landfill.

State and federal laws and regulations require the Newton Sanitary Landfill to place a final cover on its landfill site when filled and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City has estimated a total liability for the closure and postclosure of the landfill of approximately \$4,202,720. This amount is based upon the use of 29% of the estimated total capacity. The remaining \$10,289,418 will be recognized as the remaining capacity is filled.

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These amounts are based upon what it would cost to perform all closure and postclosure care in 2009. The City expects to close the existing area of the landfill in 2011. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

As specified in the 28E agreement, the City of Newton is responsible for only 57.56%, or \$2,419,086, of the total closure and postclosure cost of the landfill. The City's proportionate share is updated annually in accordance with Section 2.2(b) of the Landfill Intergovernmental Agreement.

The City has met the closure and postclosure financial assurance requirements issued by the Iowa Department of Natural Resources by complying with the local government financial test.

Note 8 - Transfers

The details of transfers for the year ended June 30, 2009, is as follows:

	Transfers in					Total
	General Fund	Employee Benefits Fund	Debt Service Fund	Internal Service Fund	Nonmajor Enterprise Funds	
Transfers out						
General fund	\$ -	\$ -	\$ -	\$ 300,000	\$ 23,241	\$ 323,241
Road use tax fund	274,530	-	-	-	-	274,530
Tax increment financing fund	491,457	15,236	1,078,570	-	-	1,585,263
Capital projects	56,697	-	-	-	-	56,697
Landfill fund	-	-	-	-	61,170	61,170
Nonmajor enterprise funds	-	-	36,139	-	-	36,139
Total	\$ 822,684	\$ 15,236	\$ 1,114,709	\$ 300,000	\$ 84,411	\$ 2,337,040

The transfer to the General Fund from the Road Use Tax Fund represents the reimbursement of disbursements that related to road use (traffic control, street lighting, storm sewer, sidewalks, etc.).

The transfer to the General Fund from the Tax Increment Financing (TIF) Fund represents the reimbursement of disbursements of the TIF administration and payment of loans of prior years to the TIF fund.

The transfer to the General Fund from the Capital Projects Fund represents a reimbursement for the purchase of capital assets.

The transfer to the Employee Benefits Fund from the Road Use Tax Fund represents the reimbursement of disbursements for the benefits of the public works director and secretary.

The transfers to the Debt Service Fund are for the payment of debt.

The transfer to the Internal Service Fund from the General Fund represents a supplement increase needed for extra costs assessed due to increases in insurance premiums.

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The transfer to the Nonmajor Enterprise Funds represents the transfer to the Landfill Post Closure Fund from the Landfill Fund to set aside a balance to be used to pay for future costs for the closing of the current landfill.

The transfer to the Nonmajor Enterprise Funds from the General Fund represents the closing of the Parking Fund due to the deficit balance.

Note 9 - Risk Management

The City of Newton is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance.

The City has established a Group Insurance Fund for insuring health benefits provided to City employees and covered dependents which are included in the Internal Service fund type. Health benefits were self-insured up to a specific stop loss amount of \$65,000, and an aggregate stop loss of approximately \$1,000,000 for 2009. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. All claims handling procedures are performed by a third-party claims administrator. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

Employees paid from all funds of the City participate in the program, and the City makes payments to the Group Insurance Fund on their behalf based on actuarial estimates of the amounts needed to pay prior-year and current-year claims.

Note 10 - Commitments and Contingencies

The City's corporate counsel reported that as of June 30, 2009, various claims and lawsuits were on file against the City. The corporate counsel estimated that all potential settlements against the City not covered by insurance would not materially affect the financial position of the City. The City has authority to levy additional taxes (outside the regular limit) to cover uninsured judgments against the City.

Note 11 - Other Postemployment Benefits

The City implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description - The City operates a single-employer retiree benefit plan which provides medical/prescription drug and dental benefits for retirees and their spouses. There are 121 active and 7 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug and dental coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug and dental benefit as active employees, which results in an implicit subsidy and an OPEB liability.

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Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$397.36 for single, \$429.14 for employee plus child(ren), \$386.22 for employee plus spouse, and \$875.44 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2009, the City contributed \$40,458 and plan members eligible for benefits contributed \$40,458 to the plan.

Note 12 - 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 577 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 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 due and payable in the current 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 to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating, sewer, landfill and golf funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2009 were \$164,144.

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 \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and

(continued on next page)

automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

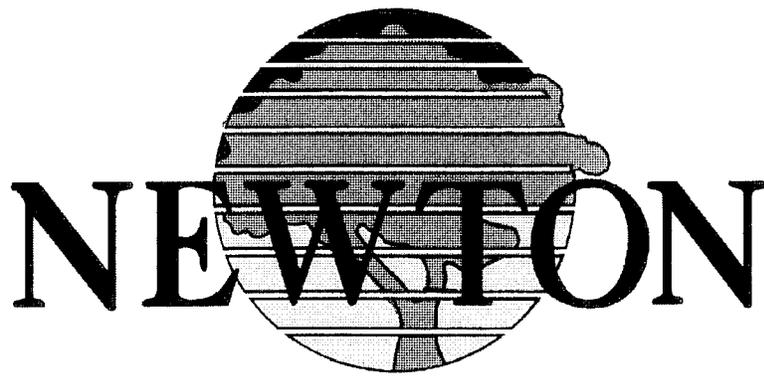
Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with the Newton Municipal Airport for aviation ground operations liability insurance in the amount of \$13,171. 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.

Note 13 - Deficit Balances

The Special Revenue, Employee Benefits Fund had a deficit balance of \$20,658 at June 30, 2009. The Debt Service Fund had a deficit balance of \$9,693 at June 30, 2009.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWTON, IOWA
 BUDGETARY COMPARISON OF SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN BALANCES -
 BUDGET TO ACTUAL - ALL GOVERNMENTAL FUNDS AND
 AND PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2009

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 5,493,609	0	0
Tax increment financing collections	1,891,542	0	0
Other city tax	1,655,392	40,450	0
Licenses and permits	159,900	0	0
Use of money and property	177,015	59,503	802
Intergovernmental	4,504,063	80,744	0
Charges for services	2,223,544	5,352,415	1,601,121
Special assessments	24,383	0	0
Miscellaneous	609,260	15,694	0
Total receipts	<u>16,738,708</u>	<u>5,548,806</u>	<u>1,601,923</u>
Disbursements:			
Public safety	5,284,662	0	0
Public works	2,523,491	0	0
Health and social services	12,032	0	0
Culture and recreation	1,774,050	0	0
Community and economic development	599,334	0	0
General government	1,190,467	0	0
Debt service	2,161,937	0	0
Capital projects	4,118,643	0	0
Business-type	0	3,273,083	0
Non-program	0	1,936,612	1,936,612
Total disbursements	<u>17,664,616</u>	<u>5,209,695</u>	<u>1,936,612</u>
Excess(deficiency) of receipts over(under) disbursements	(925,908)	339,111	(334,689)
Other financing sources(uses), net	<u>(210,740)</u>	<u>306,924</u>	<u>300,000</u>
Excess(deficiency) of receipts and other financing sources over(under) disbursements and other financing uses	(1,136,648)	646,035	(34,689)
Balance beginning of year	<u>6,991,260</u>	<u>4,789,088</u>	<u>346,113</u>
Balance end of year	<u>\$ 5,854,612</u>	<u>5,435,123</u>	<u>311,424</u>

SEE NOTES TO FINANCIAL STATEMENTS.

Net	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	Original	Final	
5,493,609	5,557,926	5,557,926	(64,317)
1,891,542	1,735,573	3,574,283	(1,682,741)
1,695,842	1,612,581	1,615,031	80,811
159,900	194,050	194,050	(34,150)
235,716	437,156	364,607	(128,891)
4,584,807	3,119,756	3,277,365	1,307,442
5,974,838	6,003,350	5,769,454	205,384
24,383	45,000	45,000	(20,617)
624,954	574,600	568,442	56,512
<u>20,685,591</u>	<u>19,279,992</u>	<u>20,966,158</u>	<u>(280,567)</u>
5,284,662	5,249,368	5,480,884	196,222
2,523,491	2,517,254	2,619,254	95,763
12,032	235,500	635,500	623,468
1,774,050	1,828,702	1,863,197	89,147
599,334	660,190	866,493	267,159
1,190,467	1,238,098	1,310,176	119,709
2,161,937	2,287,973	2,287,973	126,036
4,118,643	2,438,000	6,491,219	2,372,576
3,273,083	4,550,852	4,688,793	1,415,710
0	0	0	0
<u>20,937,699</u>	<u>21,005,937</u>	<u>26,243,489</u>	<u>5,305,790</u>
(252,108)	(1,725,945)	(5,277,331)	5,025,223
<u>(203,816)</u>	<u>121,100</u>	<u>135,612</u>	<u>(339,428)</u>
(455,924)	(1,604,845)	(5,141,719)	4,685,795
<u>11,434,235</u>	<u>15,087,166</u>	<u>16,446,727</u>	<u>(5,012,492)</u>
<u>10,978,311</u>	<u>13,482,321</u>	<u>11,305,008</u>	<u>(326,697)</u>

CITY OF NEWTON, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2009

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds, except permanent funds, the internal service fund, and agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major class disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type activities and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, and the capital projects fund. Although the budgeted document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, the budget was amended increasing budgeted disbursements by \$5,237,552. This budget amendment was reflected in the final budgeted amounts.

OTHER SUPPLEMENTARY INFORMATION

CITY OF NEWTON, IOWA
 COMBINING SCHEDULE OF CASH TRANSACTIONS AND CHANGES IN CASH BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009

	Special Revenue		Permanent		Total
	Central Business District	Community Development Block Grant	Perpetual Care	Fred Maytag Park Endowment	
Receipts:					
Use of money and property	\$ 0	0	8,780	0	8,780
Total receipts	0	0	8,780	0	8,780
Disbursements:					
Governmental activities:					
Community and economic development	2,288	25,478	0	0	27,766
Total disbursements	2,288	25,478	0	0	27,766
Excess (deficiency) of receipts over (under) disbursements	(2,288)	(25,478)	8,780	0	(18,986)
Cash balances beginning of year	3,442	25,478	214,247	233,320	476,487
Cash balances end of year	\$ 1,154	0	223,027	233,320	457,501

CITY OF NEWTON, IOWA
 COMBINING SCHEDULE OF CASH TRANSACTIONS AND CHANGES IN CASH BALANCES
 NONMAJOR ENTERPRISE FUNDS
 YEAR ENDED JUNE 30, 2009

	Landfill			Total
	Post Closure	Golf	Parking	
Receipts:				
Charges for services	\$ 0	485,479	0	485,479
Use of money and property	3,077	0	0	3,077
Other city tax	0	40,450	0	40,450
Intergovernmental	0	80,744	0	80,744
Miscellaneous	0	2,422	0	2,422
Total receipts	3,077	609,095	0	612,172
Disbursements:				
Business-type activities:				
Operations	0	417,204	0	417,204
Capital projects	0	8,600	0	8,600
Total disbursements	0	425,804	0	425,804
Excess of receipts over disbursements	3,077	183,291	0	186,368
Other financing sources(uses):				
Transfers in	61,170	0	23,241	84,411
Transfers out	0	(36,139)	0	(36,139)
Total other financing sources(uses)	61,170	(36,139)	23,241	48,272
Excess of revenues and other financing sources over disbursements and other financing uses	64,247	147,152	23,241	234,640
Cash balances beginning of year	396,281	22,773	(23,241)	395,813
Cash balances end of year	\$ 460,528	169,925	0	630,453

CITY OF NEWTON, IOWA
SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2009

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Bonds:			
1995B Series, Urban renewal	6/1/1995	7.25 %	\$ 580,000
1999A Series, Street and park improvements and equipment	6/1/1999	4.25-4.50	1,440,000
1999B Series, Urban renewal	6/1/1999	6.30-6.85	720,000
2001A Series, Public improvements and equipment	5/24/2001	4.50-5.00	2,040,000
2001B Series, Urban renewal	5/24/2001	6.15-6.40	235,000
2003A Series, Public improvements and equipment	3/1/2003	2.65-4.25	1,515,000
2003B Series, Urban renewal	3/1/2003	4.10-5.20	725,000
2004A Series, Refunding	1/1/2004	2.45-3.75	1,060,000
2004B Series, Public improvements and equipment	9/15/2004	3.00-4.10	1,665,000
2004C Series, Public improvements and equipment	9/15/2004	3.70-5.10	1,135,000
2006A Series, Urban renewal	2/1/2006	9.50(a)	3,644,852
2006B Series, Iowa Speedway infrastructure	5/16/2006	4.25-5.00	9,700,000
2006C Series, Refunding	4/28/2006	3.60-3.80	1,290,000
2007A Series, Urban renewal	6/20/2007	5.55-5.75	740,000
Total			
Sewer Revenue Capital Loan Notes:			
2002 Sewer	4/3/2002	3.00 %	\$ 2,111,497
2003 Sewer, Refunding	3/6/2003	3.20-3.85	1,890,000
2007 Sewer	4/15/2007	3.00	2,561,000
Total			
Special Assessment Capital Loan Notes:			
2001D Series	5/24/2001	7.70 %	\$ 245,000
2001E Series	5/24/2001	5.35	75,000
Total			

Notes: a) Bond issued with variable interest rate with cap at prime + 1.25%.
At June 30, 2009 the rate was 7.75%.

Schedule 3

<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>	<u>Interest Due and Unpaid</u>
\$ 125,000	\$ -	\$ 60,000	\$ 65,000	\$ 9,063	\$ -
635,000	-	105,000	530,000	27,982	-
380,000	-	55,000	325,000	25,223	-
1,260,000	-	135,000	1,125,000	59,295	-
110,000	-	25,000	85,000	6,950	-
1,060,000	-	90,000	970,000	40,285	-
515,000	-	75,000	440,000	24,742	-
710,000	-	105,000	605,000	23,480	-
1,535,000	-	115,000	1,420,000	56,386	-
890,000	-	130,000	760,000	41,675	-
3,644,852	-	-	3,644,852	320,119	-
9,700,000	-	-	9,700,000	450,119	-
800,000	-	190,000	610,000	29,820	-
740,000	-	-	740,000	41,640	-
<u>\$ 22,104,852</u>	<u>\$ -</u>	<u>\$ 1,085,000</u>	<u>\$ 21,019,852</u>	<u>\$ 1,156,779</u>	<u>\$ -</u>
\$ 1,814,000	\$ -	\$ 98,000	\$ 1,716,000	\$ 54,420	\$ -
210,000	-	210,000	-	5,889	-
<u>2,440,178</u>	<u>19,822</u>	<u>96,000</u>	<u>2,364,000</u>	<u>73,504</u>	<u>-</u>
<u>\$ 4,464,178</u>	<u>\$ -</u>	<u>\$ 404,000</u>	<u>\$ 4,080,000</u>	<u>\$ 133,813</u>	<u>\$ -</u>
\$ 75,000	\$ -	\$ 25,000	\$ 50,000	\$ 5,775	\$ -
30,000	-	10,000	20,000	1,605	-
<u>\$ 105,000</u>	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 70,000</u>	<u>\$ 7,380</u>	<u>\$ -</u>

CITY OF NEWTON, IOWA
BONDS AND NOTE MATURITIES
JUNE 30, 2009

Year Ending June 30,	General Obligation Bonds					
	1995B Series		1999A Series		1999B Series	
	Issued June 1, 1995		Issued June 1, 1999		Issued June 1, 1999	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2010	7.25 %	\$ 65,000	4.30 %	\$ 110,000	6.45 %	\$ 55,000
2011	-	0	4.40	110,000	6.55	60,000
2012	-	0	4.50	100,000	6.70	65,000
2013	-	0	4.50	105,000	6.80	70,000
2014	-	0	4.50	105,000	6.85	75,000
2015	-	0	-	0	-	0
2016	-	0	-	0	-	0
2017	-	0	-	0	-	0
2018	-	0	-	0	-	0
2019	-	0	-	0	-	0
2020	-	0	-	0	-	0
2021	-	0	-	0	-	0
2022	-	0	-	0	-	0
2023	-	0	-	0	-	0
2024	-	0	-	0	-	0
2025	-	0	-	0	-	0
		<u>\$ 65,000</u>		<u>\$ 530,000</u>		<u>\$ 325,000</u>

Year Ending June 30,	General Obligation Bonds					
	2001A Series		2001B Series		2003A Series	
	Issued May 24, 2001		Issued May 24, 2001		Issued March 1, 2003	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2010	4.50 %	\$ 140,000	6.30 %	\$ 25,000	3.20 %	\$ 90,000
2011	4.50	145,000	6.35	30,000	3.40	95,000
2012	4.60	155,000	6.40	30,000	3.65	100,000
2013	4.70	160,000	-	0	3.80	105,000
2014	4.80	165,000	-	0	4.00	105,000
2015	4.90	175,000	-	0	4.00	110,000
2016	5.00	185,000	-	0	4.10	115,000
2017	-	0	-	0	4.20	120,000
2018	-	0	-	0	4.25	130,000
2019	-	0	-	0	-	0
2020	-	0	-	0	-	0
2021	-	0	-	0	-	0
2022	-	0	-	0	-	0
2023	-	0	-	0	-	0
2024	-	0	-	0	-	0
2025	-	0	-	0	-	0
		<u>\$ 1,125,000</u>		<u>\$ 85,000</u>		<u>\$ 970,000</u>

(continued)

CITY OF NEWTON, IOWA
BONDS AND NOTE MATURITIES
JUNE 30, 2009

Year Ending June 30,	General Obligation Bonds					
	2003B Series		2004A Series		2004B Series	
	Issued March 1, 2003		Issued January 1, 2004		Issued September 15, 2004	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2010	4.50 %	\$ 80,000	2.90 %	\$ 105,000	3.25 %	\$ 120,000
2011	4.75	85,000	3.20	100,000	3.25	125,000
2012	5.00	90,000	3.45	100,000	3.50	130,000
2013	5.10	90,000	3.55	100,000	3.50	130,000
2014	5.20	95,000	3.65	100,000	3.63	135,000
2015	-	0	3.75	100,000	3.75	145,000
2016	-	0	-	0	3.88	150,000
2017	-	0	-	0	4.00	155,000
2018	-	0	-	0	4.10	160,000
2019	-	0	-	0	4.10	170,000
2020	-	0	-	0	-	0
2021	-	0	-	0	-	0
2022	-	0	-	0	-	0
2023	-	0	-	0	-	0
2024	-	0	-	0	-	0
2025	-	0	-	0	-	0
		<u>\$ 440,000</u>		<u>\$ 605,000</u>		<u>\$ 1,420,000</u>

Year Ending June 30,	General Obligation Bonds					
	2004C Series		2006A Series		2006B Series	
	Issued September 15, 2004		Issued May 15, 2006		Issued May 15, 2006	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2010	4.30 %	\$ 135,000	9.20	0	4.25	0
2011	4.60	145,000	9.20	0	4.25	0
2012	4.80	150,000	9.20	0	4.25	0
2013	5.00	160,000	9.20	0	4.25	0
2014	5.10	170,000	9.20	3,644,852	4.25	635,000
2015	-	0	-	0	4.50	660,000
2016	-	0	-	0	4.50	685,000
2017	-	0	-	0	4.50	715,000
2018	-	0	-	0	4.50	750,000
2019	-	0	-	0	4.50	780,000
2020	-	0	-	0	4.63	815,000
2021	-	0	-	0	4.75	850,000
2022	-	0	-	0	4.75	890,000
2023	-	0	-	0	4.75	930,000
2024	-	0	-	0	4.75	975,000
2025	-	0	-	0	5.00	1,015,000
		<u>\$ 760,000</u>		<u>\$ 3,644,852</u>		<u>\$ 9,700,000</u>

(continued)

CITY OF NEWTON, IOWA
BONDS AND NOTE MATURITIES
JUNE 30, 2009

Year Ending June 30,	General Obligation Bonds					Total
	2006C Series		2007A Series			
	Issued April 28, 2006		Issued June 20, 2007			
	Interest Rates	Amount	Interest Rates	Amount		
2010	3.70 %	\$ 195,000	5.75 %	\$ 45,000	\$ 1,165,000	
2011	3.75	200,000	5.75	60,000	1,155,000	
2012	3.80	215,000	5.75	65,000	1,200,000	
2013	-	0	5.75	65,000	985,000	
2014	-	0	5.75	70,000	5,299,852	
2015	-	0	5.50	75,000	1,265,000	
2016	-	0	5.50	75,000	1,210,000	
2017	-	0	5.50	85,000	1,075,000	
2018	-	0	5.55	90,000	1,130,000	
2019	-	0	5.60	95,000	1,045,000	
2020	-	0	5.75	15,000	830,000	
2021	-	0	-	0	850,000	
2022	-	0	-	0	890,000	
2023	-	0	-	0	930,000	
2024	-	0	-	0	975,000	
2025	-	0	-	0	1,015,000	
		<u>\$ 610,000</u>		<u>\$ 740,000</u>	<u>\$ 21,019,852</u>	

Year Ending June 30,	Sewer Revenue Capital Loan Notes					Total
	Issued April 15, 2007		Issued April 3, 2002			
	Interest Rates	Amount	Interest Rates	Amount		
2010	3.00 %	\$ 99,000	3.00 %	\$ 100,000	\$ 199,000	
2011	3.00	102,000	3.00	103,000	205,000	
2012	3.00	105,000	3.00	107,000	212,000	
2013	3.00	109,000	3.00	110,000	219,000	
2014	3.00	112,000	3.00	113,000	225,000	
2015	3.00	116,000	3.00	116,000	232,000	
2016	3.00	120,000	3.00	120,000	240,000	
2017	3.00	123,000	3.00	124,000	247,000	
2018	3.00	127,000	3.00	127,000	254,000	
2019	3.00	132,000	3.00	131,000	263,000	
2020	3.00	136,000	3.00	135,000	271,000	
2021	3.00	140,000	3.00	139,000	279,000	
2022	3.00	145,000	3.00	143,000	288,000	
2023	3.00	150,000	3.00	148,000	298,000	
2024	3.00	154,000	3.00	0	154,000	
2025	3.00	159,000	3.00	0	159,000	
2026	3.00	165,000	3.00	0	165,000	
2027	3.00	170,000	3.00	0	170,000	
		<u>\$ 2,364,000</u>		<u>\$ 1,716,000</u>	<u>\$ 4,080,000</u>	

(continued)

CITY OF NEWTON, IOWA
BONDS AND NOTE MATURITIES
JUNE 30, 2009

Special Assessment Capital Loan Notes					
Year Ending June 30,	2001D Series		2001E Series		Total
	Issued May 24, 2001		Issued May 24, 2001		
	Interest Rates	Amount	Interest Rates	Amount	
2010	7.70 %	\$ 25,000	5.35 %	\$ 10,000	\$ 35,000
2011	7.70	25,000	5.35	10,000	35,000
		\$ 50,000		\$ 20,000	\$ 70,000

CITY OF NEWTON, IOWA
 SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED JUNE 30, 2009

	2009	2008	2007	2006	2005	2004
Receipts:						
Property tax	\$ 5,493,609	5,984,330	7,230,696	5,994,989	5,654,908	5,758,479
Tax increment financing collections	1,891,542	2,036,141	1,860,065	1,691,755	1,508,311	872,463
Other city tax	1,655,392	1,675,923	285,958	328,427	314,247	322,489
Licenses and permits	159,900	190,304	205,956	225,130	161,605	171,658
Use of money and property	177,015	280,094	346,163	244,662	192,121	210,000
Intergovernmental	4,504,063	4,908,820	6,171,243	1,799,776	2,203,808	2,458,778
Charges for services	2,223,544	2,036,389	1,957,417	1,942,775	1,905,605	1,707,917
Special assessments	24,383	45,262	77,206	15,647	7,123	20,695
Miscellaneous	609,260	1,040,044	497,221	960,438	440,812	588,492
Total receipts	\$ 16,738,708	18,197,307	18,631,925	13,203,599	12,388,540	12,110,971
Disbursements:						
Governmental activities:						
Public safety	\$ 5,284,662	5,134,641	5,168,187	5,024,945	4,977,075	4,805,464
Public works	2,523,491	2,544,558	2,186,286	2,109,548	2,282,945	2,159,562
Health and social services	12,032	12,464	12,898	14,721	40,177	287,589
Culture and recreation	1,774,050	1,723,088	1,544,680	1,456,883	1,525,350	1,271,987
Community and economic development	3,931,121	3,451,583	8,344,843	7,677,471	1,435,070	999,778
General government	1,190,467	1,268,716	1,136,829	1,114,948	985,365	1,018,977
Debt service	2,161,937	2,711,173	3,025,150	3,569,991	2,164,850	2,449,921
Capital projects	786,856	430,141	546,850	1,092,201	2,915,109	975,263
Total disbursements	\$ 17,664,616	17,276,364	21,965,723	22,060,708	16,325,941	13,968,541

COMPLIANCE SECTION

CITY OF NEWTON, IOWA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2009

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
DIRECT:			
FEDERAL AVIATION ADMINISTRATION:			
AIRPORT IMPROVEMENT PROGRAM	20.106	3-19-0065-10	\$ <u>39,805</u>
DEPARTMENT OF HOMELAND SECURITY:			
ASSISTANCE TO FIREFIGHTERS GRANT PROGRAM	97.044	EMW-2008-FD-00190	<u>5,720</u>
INDIRECT:			
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT:			
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM	14.228	07-OT-002-06	<u>852,318</u>
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM (PAIP)	14.228	07-PIAP-005	<u>296,508</u>
COMMUNITY DEVELOPMENT BLOCK GRANTS/BROWNFIELDS ECONOMIC DEVELOPMENT INITIATIVE	14.246	07-BRN-001 (A)	<u>871,658</u>
DEPARTMENT OF JUSTICE:			
GOVERNOR'S OFFICE OF DRUG CONTROL POLICY:			
BYRNE FORMULA GRANT PROGRAM	16.738	07JAG/C06-A25	<u>42,607</u>
DEPARTMENT OF LABOR:			
EMPLOYMENT AND TRAINING ADMINISTRATION:			
WORKFORCE INNOVATION DISLOCATED WORKERS	17.260	MI160120760A19	<u>66,325</u>
DEPARTMENT OF HOMELAND SECURITY:			
IOWA DEPARTMENT OF PUBLIC DEFENSE:			
IOWA HOMELAND SECURITY AND EMERGENCY MANAGEMENT DIVISION:			
DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	97.036	FEMA-099-56505-00	<u>9,314</u>
DEPARTMENT OF TRANSPORTATION:			
IOWA DEPARTMENT OF TRANSPORTATION:			
FEDERAL HIGHWAY ADMINISTRATION (FHWA):			
HIGHWAY PLANNING AND CONSTRUCTION, RECOVERY ACT	20.205	8V505482608	<u>100,000</u>
TOTAL			<u>\$ 2,284,255</u>

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Newton, Iowa and is presented on the cash basis of accounting which is an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

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 the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Newton, Iowa as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated March 24, 2010. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects City of Newton, Iowa's ability to initiate, authorize, record, process, or report financial data reliability in accordance with another comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of City of Newton, Iowa's financial statements that is more than inconsequential will not be prevented or detected by City of Newton, Iowa's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by City of Newton, Iowa's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-09 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Newton, Iowa'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 an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Newton, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit City of Newton, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of City of Newton, Iowa and other parties to whom City of Newton, Iowa may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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


NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2010

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Audit's Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Honorable Mayor and
Members of the City Council

Compliance

We have audited the compliance of City of Newton, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2009. The City's major federal program is identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; Chapter 11 of the Code of Iowa; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Newton, Iowa, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of City of Newton, Iowa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered City of Newton, Iowa's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Newton, Iowa's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the City's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a material weakness.

City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit City's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of City of Newton, Iowa, and other parties to whom City of Newton, Iowa, may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.


NOLTE, CORNMAN & JOHNSON, P.C.

March 24, 2010

CITY OF NEWTON, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, which was considered to be a material weaknesses.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A significant deficiency in internal control over the major programs was disclosed by the audit of the financial statements, which was considered to be a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 14.228 - Community Development Block Grants/State's Program
 - CFDA Number 14.228 - Community Development Block Grants/State's Program (PIAP)
 - CFDA Number 14.246 - Community Development Block Grants/Brownfields Economic Development Initiative
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Newton, Iowa, did not qualify as a low-risk auditee.

CITY OF NEWTON, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part II: Findings Related to the Basic Financial Statements:

SIGNIFICANT DEFICIENCIES:

II-A-09 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that one individual has the ability to enter cash receipts, reconcile bank accounts, reconcile investments, and make entries to the general ledger.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult and the City has taken some steps to help minimize this problem. While the individual mentioned above has the ability to perform each of the functions listed, she is not doing so on a daily basis. However, the City should continually review its control procedures to obtain the maximum internal control possible under the circumstances, and management needs to be aware of the importance of segregating duties when assigning job responsibilities.

Response - The City is aware of the auditor's recommendation and has made a number of changes in its practices since this issue was first identified in the 1995 audit. Given the size of our administration staff compared to the range of City administrative responsibilities, some overlay of duties is necessary. The City Administrator and Director of Administrative Services are currently exploring ways to have more segregation of duties in the general administrative office.

Conclusion - Response accepted.

CITY OF NEWTON, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part III: Findings and Questioned Costs For Federal Awards:

SIGNIFICANT DEFICIENCIES:

CFDA Number 14.228 - Community Development Block Grants/State's Program
Pass-through Agency Number: 07-OT-002-06 and 07-PAIP-005
Department of Housing and Urban Development
Pass through the Iowa Department of Economic Development

CFDA Number 14.246 - Community Development Block Grants/Brownfields Economic
Development Initiative
Pass-through Agency Number: 07-BRN-001 (A)
Department of Housing and Urban Development
Pass through the Iowa Department of Economic Development

III-A-09 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that one individual has the ability to enter cash receipts, reconcile bank accounts, reconcile investments, and make entries to the general ledger.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult and the City has taken some steps to help minimize this problem. While the individual mentioned above has the ability to perform each of the functions listed, she is not doing so on a daily basis. However, the City should continually review its control procedures to obtain the maximum internal control possible under the circumstances, and management needs to be aware of the importance of segregating duties when assigning job responsibilities.

Response - The City is aware of the auditor's recommendation and has made a number of changes in its practices since this issue was first identified in the 1995 audit. Given the size of our administration staff compared to the range of City administrative responsibilities, some overlay of duties is necessary. The City Administrator and Director of Administrative Services are currently exploring ways to have more segregation of duties in the general administrative office.

Conclusion - Response accepted.

CITY OF NEWTON, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-09 Certified Budget - City disbursements for the year ended June 30, 2009, did not exceed the amount budgeted.
- IV-B-09 Questionable Disbursements - We noted no disbursements that fail to meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-09 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-09 Business Transactions - There were no business transactions between the City and City officials or employees that appear to represent a conflict of interest.
- IV-E-09 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-09 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-G-09 Revenue Bonds - No instances of non-compliance with the provisions of the City's revenue bond resolutions were noted.
- IV-H-09 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investment policy.
- IV-I-09 Solid Waste Fees Retainage - The City used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.
- IV-J-09 Financial Condition - The City had a deficit cash balance in the Special Revenue, Employee Benefits Fund of \$20,658 at June 30, 2009. The City had a deficit cash balance in the Debt Service Fund of \$9,693 at June 30, 2009.

Recommendation - The City should continue to monitor these funds and investigate alternatives to eliminate the deficits.

Response - We will continue to monitor these funds and investigate alternatives to eliminate the deficits.

Conclusion - Response accepted.

- IV-K-09 Publication of Paid Bills - The City published the paid bills monthly. Chapter 372.13(6) of the Code of Iowa requires the bills to be published within fifteen days of board approval. The publication needs to include reason for the claim and the total claims are required to be shown by each fund.

Recommendation - The City needs to publish the bills within fifteen days of approval. The bills need to be totaled by fund and include reason for the claim.

Response - The list of bills will be published within fifteen days as required.

Conclusion - Response accepted.

**STATISTICAL SECTION
(UNAUDITED)**

CITY OF NEWTON, IOWA
TAX INCREMENT FINANCING FUND - STATEMENT OF CASH RECEIPTS
AND DISBURSEMENTS (UNAUDITED)
INCEPTION TO JUNE 30, 2009

Operating receipts:	
Bond proceeds	\$ 26,392,913
Interest on investments	154,191
Sale of property	1,195,701
Property taxes	17,139,056
Intergovernmental	10,022,652
Miscellaneous	596,539
	<u>55,501,052</u>
Operating disbursements:	
Property acquisition and improvement	8,254,401
Property demolition	368,432
Economic development grants	18,337,148
Legal and administrative	627,829
Property taxes	94,716
Relocation	47,050
Operating supplies	15,139
Structures	61,929
Refunds	506,000
Revenue bond principal	1,430,000
Revenue bond interest	878,194
Street improvements	1,239,670
City Hall site improvements	545,658
Private development improvements	457,407
Skiff Medical Center	280,000
Manufactured Gas Plant	1,877
Payment to other agencies	610,369
	<u>33,755,819</u>
Operating receipts over operating disbursements	21,745,233
Other transactions:	
Transfer to Debt Service Fund - bond interest	(16,735,526)
Transfer to General Fund - economic development	(3,455,999)
Transfer to Central Business District	(2,500)
Transfer to Employee Benefits Fund	(63,648)
Transfer to Capital Projects Fund	(731,139)
Transfer to Sewer Fund	(547,555)
Interfund loan	1,876,639
	<u>2,085,505</u>
Cash and investment balance at June 30, 2009	<u>\$ 2,085,505</u>

Note: During 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.

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Table 2

CITY OF NEWTON, IOWA
 COMPARISON OF ENTERPRISE FUNDS CHARGES FOR
 SERVICES RECEIPTS (UNAUDITED)

Year Ended June 30	Golf	Landfill	Sewer	Parking
2000	\$ 247,336	\$ 1,066,190	\$ 1,727,724	\$ 64,783
2001	252,813	1,023,040	1,663,932	64,157
2002	310,166	1,101,874	1,799,290	68,049
2003	337,385	1,004,252	1,907,363	80,521
2004	361,043	1,207,756	1,996,295	78,717
2005	382,123	1,094,907	2,158,385	87,684
2006	347,108	1,004,324	2,201,492	78,449
2007	327,866	1,050,974	2,173,973	75,824
2008	396,034	1,257,373	2,144,742	67,195
2009	485,479	1,310,509	1,955,306	-

CITY OF NEWTON, IOWA
COMPARITIVE TOTAL AND PER CAPITA PROGRAM DISBURSEMENTS (UNAUDITED)

Year Ended June 30	Population Per Census	Public Safety Disbursements		Public Works Disbursements		Health and Social Services Disbursements		Culture and Recreation Disbursements		Community and Economic Development Disbursements	
		Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
2000	14,789**										
2001	15,579***										
2002	15,579***										
2003	15,579***	\$ 4,545,241	\$ 291.75	\$ 1,983,636	\$ 127.33	\$ 82,434	\$ 5.29	\$ 1,604,289	\$ 102.98	\$ 704,691	\$ 45.23
2004	15,579***	\$ 4,758,804	\$ 305.46	\$ 2,147,898	\$ 137.87	\$ 280,590	\$ 18.01	\$ 1,260,323	\$ 80.90	\$ 988,114	\$ 63.43
2005	15,579***	\$ 5,023,931	\$ 322.48	\$ 2,293,480	\$ 147.22	\$ 40,177	\$ 2.58	\$ 1,536,731	\$ 98.64	\$ 1,438,161	\$ 92.31
2006	15,579***	\$ 5,164,297	\$ 331.49	\$ 2,140,871	\$ 137.42	\$ 14,721	\$ 0.94	\$ 1,490,716	\$ 95.69	\$ 7,686,675	\$ 493.40
2007	15,579***	\$ 5,189,928	\$ 333.14	\$ 2,191,174	\$ 140.65	\$ 12,898	\$ 0.83	\$ 1,549,961	\$ 99.49	\$ 8,346,277	\$ 535.74
2008	15,579***	\$ 5,258,043	\$ 337.51	\$ 2,571,150	\$ 165.04	\$ 12,464	\$ 0.80	\$ 1,753,157	\$ 112.53	\$ 3,465,451	\$ 222.44
2009	15,579***	\$ 5,464,580	\$ 350.77	\$ 2,556,561	\$ 164.10	\$ 12,032	\$ 0.77	\$ 1,809,924	\$ 116.18	\$ 618,532	\$ 39.70

* Prior to 2003 disbursements were reported by programs. Function information is not available for these years.

** 1990 census figures

*** 2000 census figures

Table 3

General Government Disbursements		Debt Service Disbursements		Capital Projects Disbursements		Business-type Activities Disbursements		Total Disbursements	
Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
								\$ 17,836,493	\$ 1,206.06
								\$ 17,936,321	\$ 1,151.31
								\$ 18,929,396	\$ 1,215.06
\$ 1,105,423	\$ 70.96	\$ 4,155,529	\$ 266.74	\$ 1,036,483	\$ 66.53	\$ 7,110,440	\$ 456.41	\$ 22,328,166	\$ 1,433.22
\$ 1,014,311	\$ 65.11	\$ 2,449,921	\$ 157.26	\$ 975,263	\$ 62.61	\$ 3,577,958	\$ 229.67	\$ 17,453,182	\$ 1,120.30
\$ 1,007,296	\$ 64.66	\$ 2,164,850	\$ 138.96	\$ 2,915,109	\$ 187.12	\$ 4,158,222	\$ 266.91	\$ 20,577,957	\$ 1,320.88
\$ 1,180,160	\$ 75.75	\$ 3,569,991	\$ 229.15	\$ 1,092,201	\$ 70.11	\$ 3,178,050	\$ 204.00	\$ 25,517,682	\$ 1,637.95
\$ 1,147,004	\$ 73.63	\$ 3,025,150	\$ 194.18	\$ 546,850	\$ 35.10	\$ 4,549,073	\$ 292.00	\$ 26,558,315	\$ 1,704.75
\$ 1,331,350	\$ 85.46	\$ 2,711,173	\$ 174.03	\$ 430,141	\$ 27.61	\$ 5,469,044	\$ 351.05	\$ 23,001,973	\$ 1,476.47
\$ 1,257,096	\$ 80.69	\$ 2,161,937	\$ 138.77	\$ 4,118,643	\$ 264.37	\$ 3,273,083	\$ 210.10	\$ 21,272,388	\$ 1,365.45

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CITY OF NEWTON, IOWA
COMPARATIVE PROPERTY TAX RECEIPTS* BY FUND TYPE (UNAUDITED)

<u>Year Ended June 30</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>
2000	\$ 3,581,029	\$ 2,285,484	\$ 1,166,506
2001	3,628,493	2,217,650	1,104,795
2002	3,809,166	2,174,281	1,152,609
2003	3,962,126	2,346,229	1,212,722
2004	3,419,134	2,200,265	1,019,238
2005	3,210,594	1,737,090	924,383
2006	3,640,718	1,753,991	944,354
2007	4,433,214	1,820,874	1,339,772
2008	4,507,293	2,113,039	1,085,183
2009	4,242,797	2,007,008	923,579

* Includes special assessments

CITY OF NEWTON, IOWA
 COMPARATIVE PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)

<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>
1999	2000	\$ 5,976,126	\$ 6,025,184
2000	2001	5,810,661	6,004,953
2001	2002	6,002,909	6,289,066
2002	2003	6,051,121	6,456,534
2003	2004	5,888,462	6,175,595
2004	2005	5,917,919	5,654,909
2005	2006	5,987,798	5,994,989
2006	2007	6,186,189	7,230,696
2007	2008	5,982,574	5,984,330
2008	2009	5,557,926	5,489,841

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>
100.82%	\$ 373	\$ 1,027,627	\$ 7,053,184
103.34%	899	955,535	6,961,387
104.77%	1,249	857,895	7,148,210
106.70%	553	979,530	7,436,617
104.88%	3,509	934,565	7,113,669
95.56%	7,491	1,508,311	7,170,711
100.12%	1,060	1,691,755	7,510,791
116.88%	1,387	1,860,065	8,923,511
100.03%	1,756	2,036,141	7,845,782
98.77%	3,768	1,891,542	7,385,151

CITY OF NEWTON, IOWA
 COMPARATIVE PROPERTY TAX RATES PER \$1,000 OF
 ASSESSED VALUATION (UNAUDITED)

Levy Year	Collection Year Ended June 30	Levy For			
		Newton School District	City of Newton	Jasper County	Area Schools
1999	2001	\$ 15.40482	\$ 15.10449	\$ 7.12568	\$ 0.54506
2000	2002	15.04789	15.10000	7.02263	0.54454
2001	2003	15.83348	15.53000	5.84654	0.54584
2002	2004	16.40942	15.38000	5.89480	0.58184
2003	2005	17.19063	15.94998	8.06036	0.59856
2004	2006	16.78900	15.95000	9.16450	0.68408
2005	2007	16.91412	16.63000	9.24852	0.68688
2006	2008	16.48184	15.79100	9.17034	0.60276
2007	2009	16.73813	15.65673	9.29114	0.56386
2008	2010	16.56630	15.65613	8.99696	0.56778

Table 6

<u>Extension Council</u>	<u>County Assessor</u>	<u>Tuberculosis Eradication</u>	<u>Total</u>	<u>Percent of City of Newton Levy to Total Levy</u>
\$ 0.10559	\$ 0.31415	\$ 0.00500	\$ 38.60479	39.59%
0.11130	0.31981	0.00500	38.15117	39.50%
0.13572	0.32864	0.00400	38.22422	40.10%
0.14192	0.31173	0.00400	38.72371	36.40%
0.14490	0.30222	0.00400	42.25065	37.02%
0.14902	0.34677	0.00400	43.08737	36.22%
0.16251	0.38972	0.00400	44.03575	39.05%
0.15230	0.38173	0.00350	42.58347	36.87%
0.17218	0.40747	0.00350	42.83301	36.55%
0.17240	0.40625	0.00300	42.36882	36.95%

Table 7

CITY OF NEWTON, IOWA
 COMPARATIVE RATION OF GENERAL OBLIGATION BONDED DEBT TO TAXABLE VALUE
 AND GENERAL OBLIGATION BONDED DEBT PER CAPITA (UNAUDITED)

<u>Date</u>	<u>Population Per Census</u>	<u>Taxable Value (Agricultural Land Included)</u>	<u>General Obligation Bonded Debt</u>	<u>Ratio of General Obligation Bonded Debt to Taxable Value</u>	<u>General Obligation Bonded Debt Per Capita</u>
6/30/2000	14,789*	\$ 423,094,033	\$ 13,268,803 (1) (2)	0.031361	\$ 897.21
6/30/2001	15,579**	434,293,599	14,514,058 (1) (2)	0.033420	931.64
6/30/2002	15,579**	427,155,346	12,978,392 (1) (2)	0.030383	833.07
6/30/2003	15,579**	418,921,161	13,963,029 (1) (2)	0.033331	896.27
6/30/2004	15,579**	427,155,346	13,032,467 (1) (2)	0.030509	836.54
6/30/2005	15,579**	420,783,396	13,125,190 (1) (2)	0.031192	842.49
6/30/2006	15,579**	426,286,988	24,042,419 (1) (2)	17.730620	1,543.26
6/30/2007	15,579**	422,991,842	26,133,084 (1) (2)	16.186067	1,677.46
6/30/2008	15,579**	436,831,194	26,569,030 (1) (2)	16.441368	1,705.44
6/30/2009	15,579**	401,742,086	25,169,852 (1) (2)	15.961241	1,615.63

* 1990 census figures.

** 2000 census figures.

(1) Includes capital loan notes payable.

(2) Includes future capital lease payments.

CITY OF NEWTON, IOWA
 SCHEDULE OF INSURANCE COVERAGE (UNAUDITED)
 JUNE 30, 2009

Fire and extended property coverage - all risk - \$1,000 deductible:	
APD Vehicle	\$ 4,192,634
Buildings	27,531,550
Personal property	3,607,348
Miscellaneous property	3,032,542
Fire and extended property coverage - all risk - \$500 deductible:	
EDP Hardware	78,800
Comprehensive automobile coverage:	
Bodily injury	2,000,000
Property damage	2,000,000
Uninsured motorist/underinsured motorist	1,000,000
Comprehensive	100 deductible
Collision	1,000 deductible
Comprehensive general liability	2,000,000
Boiler explosion damage to boiler and building	1,500,000
Umbrella excess liability coverage(includes auto bodily injury and property damage)	3,000,000
Ambulance and EMT professional liability	2,000,000
Airport liability	5,000,000
City clerk legal liability bond(errors and omissions)	2,000,000
Public officials liability	2,000,000
Workers' compensation	Statutory limit

CITY OF NEWTON, IOWA
SEWER FUND DATA (UNAUDITED)
JUNE 30, 2009

Sewer customers served at June 30, 2009 6,211

Sewer rates in effect at June 30, 2009:
Minimum charge of \$7.11 per month plus \$2.28/100 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>
Newton schools	1.1
Laundry, including industrial laundries, commercial laundries, and laundromatic	1.2
Car washes	1.3
Restaurants - including quick serve and sit-down types	1.6
Bakeries	1.4
Nursing homes	1.6

CITY OF NEWTON, IOWA
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
JUNE 30, 2009

Ten Largest Employers in Jasper County

Name (1)	Business Activity	Approximate Number of Emplotees as of June 30, 2009
Skiff Medical Center	Hospital	429
Iowa Telecom	Communications	370
Hy-Vee Corporation	Food retailer	283
Wal-Mart, Inc.	Retail	257
TPI	Wind blade manufacturing	250
Rock Communications	Commercial printing	200
The Vernon Company	Specialty advertising	179
Progress Industries	Contract assembly	165
Caleris	Technical phone support	160
Trinity Structural Towers	Wind tower manufacturing	140

Ten Largest Taxpayer by Assessed Valuation (does not include utilities)

Name (2)	Business Activity	2007 Gross Assessed Value
AG/IRG WPP Newton LLC	Former Maytag manufacturing plant	\$ 12,079,000
Wesley Retirement	Retirement Housing	11,860,100
Newton Village LLC	Retirement Housing	6,188,450
Wal-Mart, Inc.	Retail	4,816,860
Hy-Vee Corporation	Food retailer	3,649,430
Newton Investments LLC	Two hotels	3,569,260
IWA Services LLC	Local phone/internet/communications	2,604,785
Vernon Company	Specialty Advertising/Printing	2,177,251
Pence, Levi	Funeral home and various rentals	2,071,400
American Healthcare Invst. LLC	Two nursing homes	2,023,550

(1) Source - Iowa Workforce Development

(2) Source - City's Assessor's Office

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