

CITY OF NEWTON, IOWA

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

JUNE 30, 2011

City of Newton, Iowa  
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# **INTRODUCTORY SECTION**

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December 22, 2011

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, 2011, 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, 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 2010-2011 fiscal year saw the 2010 census figures made available. The official population now stands at 15,254 which, while lower, shows remarkable stability.

In 2010-2011 in Newton, the community's economy had the following highlights:

- Continued increases in hiring in the wind industry, helping to lower the unemployment rate in the county over the course of the fiscal year.
- Hosting by the Iowa Speedway of two NASCAR Nationwide series races, along with several other big races, helping to draw over 200,000 fans to the track.
- Multi-million dollar investments in new business facilities for Farm Credit Services and the Walter G. Anderson carton factory.

Newton remains the stable home of many strong local employers like Vernon Company, Newton Manufacturing, Thombert Inc., Rock Communications, Skiff Medical Center, and Cline Tool. While the weakness in the national economy impacted all Newton businesses, most were able to adapt and remain viable.

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 2007 departure of Maytag and be poised for consistent future growth.

## CITY OPERATIONS

The Mayor, City Council and City staff conduct goal setting activities on a regular basis in order to provide the City with a firm sense of direction about its future as well as to evaluate current activities. The City conducted a two-year goal setting workshop in September of 2010. Staff and the Council worked to achieve a very high percentage rate of completion of those goals and plan another two-year goal setting session in August of 2012.

## 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 another comprehensive basis of accounting. Internal control is designed to provide reasonable but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

### Budgeting Controls

The City maintains budgeting controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. All funds are included in the annual appropriated budget 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, 2011 the City of Newton had a number of debt issues outstanding. These issues included \$20,175,000 of general obligation bonds, \$628,000 of revenue bonds, \$4,128,000 of sewer revenue capital loan notes, \$574,658 of capital leases and \$30,000 of other capital loan notes. The government has experienced an upgrade of its rating from Moody's Investors Service on general obligation bond issues to AA3. 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 \$25,535,658 was below the legal limit of \$38,839,432.

The City looks for, and calls in, bond issues that will generate annual principal and interest savings.

### Cash Management

Cash temporarily idle during the year was invested in demand deposits, and certificates of deposit. The investment policy adopted by the City Council stresses the importance of capital preservation. The policy directives intend to minimize credit and market risks while maintaining a competitive yield on the portfolio. Accordingly, deposits were either

covered by federal depository insurance or 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 transitioned to being fully insured from a self-insurance plan for medical, dental, and prescription drug expenses.

### 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 general-purpose 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 2010, Moody's Investors Service reclassified to a rating of AA3 from its earlier A1 rating the City of Newton's general obligation debt.

#### Acknowledgments

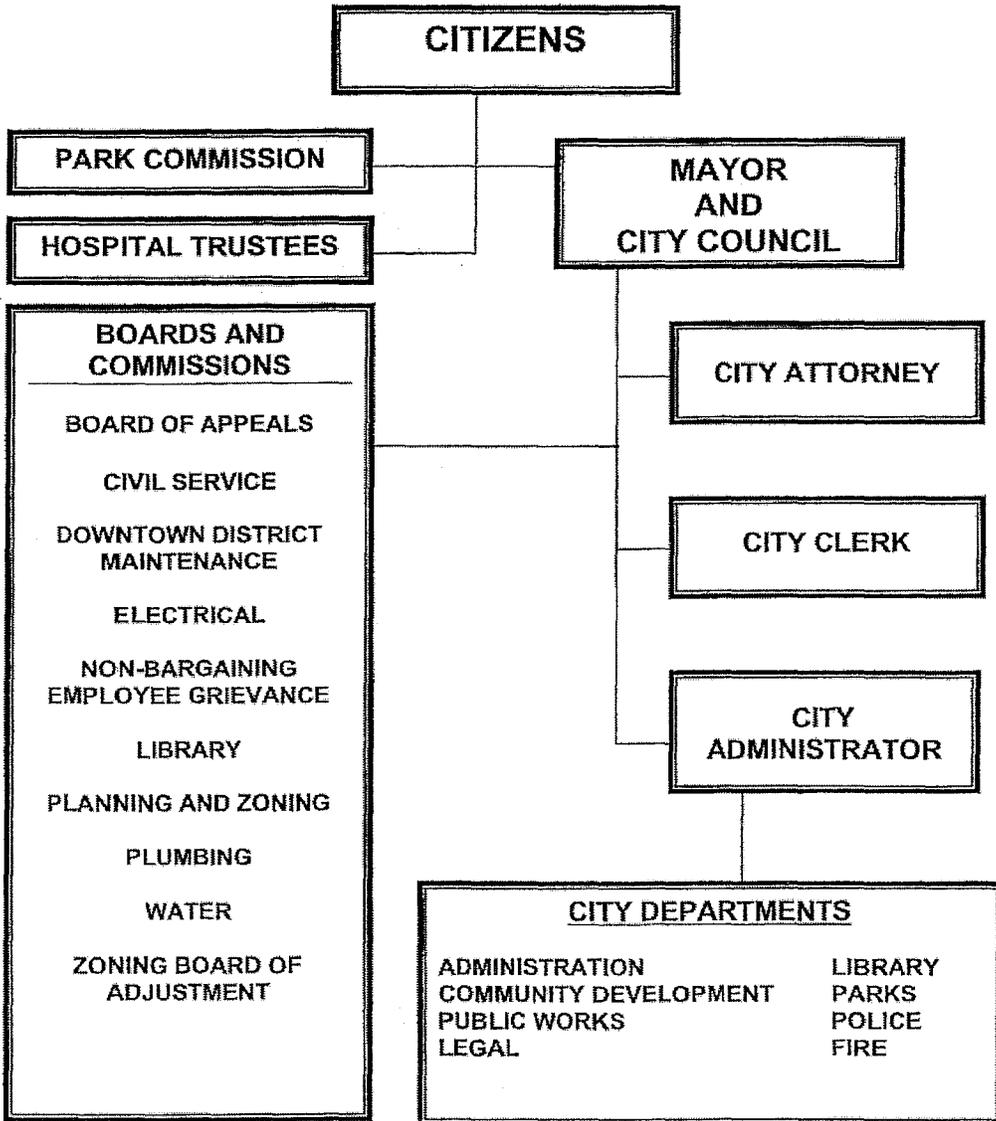
I am grateful for the support and interest of the Mayor and City Council, department directors and other management staff for their conscientiousness in planning and conducting the financial operations of the City of Newton in a responsible and progressive manner. Preparation of this report could not 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

# CITY OF NEWTON



City of Newton, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Charles Allen	Mayor	December 31, 2011
Jeremy Heaberlin	Council-At-Large	December 31, 2011
D.J. Julius	Council-At-Large	December 31, 2013
Jim Plumb	Council-First Ward	December 31, 2011
Michael Hansen	Council-Second Ward	December 31, 2013
Marvin Morris	Council-Third Ward	December 31, 2011
Steve Mullan	Council-Fourth Ward	December 31, 2013
Thomas R. Wardlow	City Administrator	Appointed
Darrin T. Hamilton	City Attorney	Appointed
Candice Van Zee	City Clerk	Appointed

## **FINANCIAL SECTION**

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**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, 2011, 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 did not audit the financial statements of the Skiff Medical Center (the Medical Center), a major Proprietary Fund, or the Newton Municipal Waterworks (the Waterworks), a major Proprietary Fund, which represents a 44% and a 4% of the cash basis net assets respectively, and a 85% and 6% of the operating receipts of the business type activities respectively, of the city of Newton. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to amounts included for the Health Center, is based solely upon the report of the other auditors.

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.

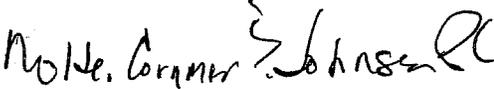
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Newton at June 30, 2011, and the respective changes in financial position for the year then ended in conformity with the basis of accounting described in Note 1.

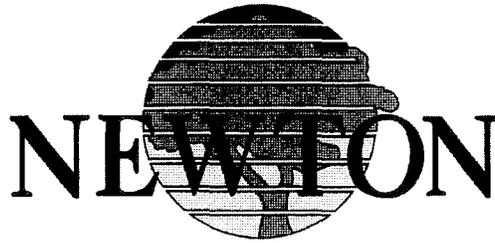
In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose 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 17 through 23 and 48 through 50 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newton's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed an unqualified opinion on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedule 1 through 5, is presented for purposes of additional analysis and is not required parts of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is also presented for the purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part 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  
December 22, 2011



## **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, 2011. 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 \$8,462,920 increased \$20,834 or 0.25% from the FY 2010 receipts of \$8,442,086.
- General Fund property taxes increased by \$259,397 or 7.79% to \$3,587,525 over the FY 2010 tax collections of \$3,328,128.
- The City's General Fund disbursements of \$8,605,926 increased \$623,459 or 7.81% from the FY 2010 disbursements of \$7,982,467.
- The City's General Fund end of year cash balance of \$3,488,591 decreased \$143,006 or 3.94% from the FY 2010 cash balance of \$3,631,597.
- 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 Skiff Medical Center, Newton Municipal Waterworks, 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 four Enterprise Funds to provide separate information for the, Skiff Medical Center, Newton Municipal Waterworks, 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 \$5,439,256 decreased \$914,228 or 14.38% from the FY 2010 end of year cash balance of \$6,353,754.

Changes in Cash Balance of Governmental Activities (Expressed in Thousands)			
	Governmental Activities		Total Change
	2011	2010	2010-11
<b>Receipts and Transfers:</b>			
Charges for service and sales	\$ 2,341	2,475	-5.41%
Operating grants, contributions and restricted interest	1,603	2,052	-21.88%
Capital grants, contributions and restricted interest	2,500	765	226.80%
<b>General revenues:</b>			
Property tax	7,641	8,194	-6.75%
Unrestricted investment earnings	36	35	2.86%
Bond proceeds	3,610	5,171	
Other general receipts	2,946	2,642	11.51%
Transfers	35	40	-12.50%
<b>Total receipts and transfers</b>	<b>20,712</b>	<b>21,374</b>	<b>-3.10%</b>
<b>Disbursements</b>			
Public safety	5,415	5,127	5.62%
Public works	2,410	2,423	-0.54%
Health and social services	12	268	-95.52%
Culture and recreation	1,962	1,696	15.68%
Community and economic development	737	4,467	-83.50%
General government	1,555	1,149	35.34%
Debt service	5,915	2,191	169.97%
Capital project	3,620	3,865	-6.34%
<b>Total disbursements</b>	<b>21,626</b>	<b>21,186</b>	<b>2.08%</b>
Increase(Decrease) in cash balance	(914)	188	586.17%
Cash Balance Beginning of Year	6,354	6,166	3.05%
Cash Balance End of Year	\$ 5,440	6,354	-14.38%

Changes in Cash Balance of Business-Type Activities (Expressed in Thousands)			
	Business-Type Activities		Total Change
	2011	2010	2010-11
Receipts and Transfers:			
Program receipts:			
Charges for service and sales:			
Skiff Medical Center	\$ 31,520	32,733	-3.71%
Newton Municipal Waterworks	2,211	2,208	0.14%
Landfill	1,334	1,444	-7.62%
Sewer	1,777	1,792	-0.84%
Other	407	483	-15.73%
Operating Grants, contributions and restricted interest			
Other	58	8	625.00%
General receipts:			
Unrestricted investment earnings	946	481	96.67%
Bond proceeds	992	241	311.62%
Other general receipts	1,881	1,598	17.71%
Transfers	(35)	(40)	-12.50%
Total receipts and transfers	41,091	40,948	0.35%
Disbursements and Transfers:			
Skiff Medical Center	33,190	33,472	-0.84%
Newton Municipal Waterworks	3,107	2,224	39.70%
Landfill	1,324	920	43.91%
Sewer	2,320	2,193	5.79%
Other	420	527	-20.30%
Total disbursements	40,361	39,336	2.61%
Increase in cash balance	730	1,612	54.71%
Cash Balance Beginning of Year, as restated	11,821	10,209	15.79%
Cash Balance End of Year	\$ 12,551	11,821	6.18%

## **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 \$3,488,591 a decrease of \$143,006 or 3.94% from the prior year ending cash balance of \$3,631,597.

## Proprietary Funds.

- The Skiff Medical Center Fund end of year cash balance of \$6,565,807 increased \$815,518 or 14.18% from the FY 2010 end of year cash balance of \$5,750,289.
- The Newton Municipal Waterworks Fund end of year cash balance of \$380,705 decreased \$165,510 or 30.30% from the FY 2010 end of year cash balance of \$546,215.
- The Sewer Fund end of year cash balance of \$1,107,909 decreased \$83,175 or 6.98% from the FY 2010 end of year cash balance of \$1,191,084.
- The Landfill Fund end of year cash balance of \$3,698,383 increased \$23,616 or 0.64% from the FY 2010 end of year cash balance of \$3,674,767.

## 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 FY2011 year-end, the City had \$25,535,658 in bonds and other long-term debt compared to \$26,660,660 last year as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	2011	2010
General obligation bonds	\$ 20,175	21,455
Special assessment bonds and notes	0	35
Sewer revenue capital loan notes	4,128	4,122
Skiff Medical Center capital leases	575	292
Newton Municipal Waterworks revenue bonds	628	685
Newton Municipal Waterworks capital loan notes	30	60
Newton Municipal Waterworks John Deere lease	0	12
Total	<u>\$ 25,536</u>	<u>\$ 26,661</u>

The City's general obligation bond rating continues to be AA3 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 \$25,535,658 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 4<sup>th</sup> Street South, Newton, Iowa.

Sincerely,

A handwritten signature in cursive script that reads "Thomas R. Wardlow".

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, 2011

Functions/Programs	Expenses	Charges for Services	Program Receipts	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 5,414,879	1,161,806	177,552	0
Public works	2,410,052	955,170	1,409,150	0
Health and social services	12,083	0	0	0
Culture and recreation	1,961,802	150,595	0	0
Community and economic development	737,224	0	0	0
General government	1,555,017	73,390	15,906	0
Debt service	5,914,670	0	0	0
Capital projects	3,620,110	0	0	2,500,459
Total governmental activities	21,625,837	2,340,961	1,602,608	2,500,459
Business-type activities:				
Skiff Medical Center	33,190,390	31,520,047	0	0
Newton Municipal Waterworks	2,478,599	2,210,639	0	0
Landfill	1,324,337	1,333,719	6,986	0
Sewer	2,319,675	1,777,277	5,900	0
Golf	420,331	407,474	45,062	0
Total business-type activities	39,733,332	37,249,156	57,948	0
Total	\$ 61,359,169	39,590,117	1,660,556	2,500,459
General Receipts:				
Property tax levied for:				
General purposes				
Employee benefits				
Debt service				
Tax increment financing				
Other city tax				
Unrestricted investment earnings				
Payment to refunded bond escrow agent				
Bond proceeds, net				
Special assessments				
Miscellaneous				
Sale of capital assets				
Transfers				
Total general receipts and transfers				
Changes in cash balances				
Cash balances beginning of year				
Cash balances end of year				
Cash Basis Net Assets				
Restricted:				
Non Spendable				
Permanent Funds				
Expendable				
Streets				
Employee Benefits				
Tax Increment Financing				
Debt Service				
Capital Projects				
Other purposes				
Unrestricted				
Total cash basis net assets				

SEE NOTES TO FINANCIAL STATEMENTS.

Net (Disbursements) Receipts		
Governmental Activities	Business-Type Activities	Total
(4,075,521)	0	(4,075,521)
(45,732)	0	(45,732)
(12,083)	0	(12,083)
(1,811,207)	0	(1,811,207)
(737,224)	0	(737,224)
(1,465,721)	0	(1,465,721)
(5,914,670)	0	(5,914,670)
(1,119,651)	0	(1,119,651)
<u>(15,181,809)</u>	<u>0</u>	<u>(15,181,809)</u>
0	(1,670,343)	(1,670,343)
0	(267,960)	(267,960)
0	16,368	16,368
0	(536,498)	(536,498)
0	32,205	32,205
<u>0</u>	<u>(2,426,228)</u>	<u>(2,426,228)</u>
<u>(15,181,809)</u>	<u>(2,426,228)</u>	<u>(17,608,037)</u>
\$ 3,587,525	0	3,587,525
1,833,475	0	1,833,475
872,597	0	872,597
1,347,281	0	1,347,281
1,703,058	35,457	1,738,515
36,127	945,750	981,877
0	(628,000)	(628,000)
3,610,000	992,384	4,602,384
23,864	0	23,864
1,177,272	1,772,245	2,949,517
40,925	74,366	115,291
35,457	(35,457)	0
<u>14,267,581</u>	<u>3,156,745</u>	<u>17,424,326</u>
(914,228)	730,517	(183,711)
<u>6,353,754</u>	<u>11,820,957</u>	<u>18,174,711</u>
<u>\$ 5,439,526</u>	<u>12,551,474</u>	<u>17,991,000</u>
\$ 470,542	0	470,542
159,134	0	159,134
158,650	0	158,650
979,662	0	979,662
67,402	15,976	83,378
115,545	0	115,545
236,244	0	236,244
3,252,347	12,535,498	15,787,845
<u>\$ 5,439,526</u>	<u>12,551,474</u>	<u>17,991,000</u>

CITY OF NEWTON, IOWA  
STATEMENT OF CASH TRANSACTIONS AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011

	Special Revenue			
	General	Road Use Tax	Employee Benefits	Tax Increment Financing
<b>Receipts:</b>				
Property tax	\$ 3,587,525	0	1,833,475	0
Tax increment financing collections	0	0	0	1,347,281
Other city tax	1,328,086	0	356,056	0
Licenses and permits	155,019	0	0	0
Use of money and property	96,610	0	0	4,748
Intergovernmental	203,286	1,409,150	0	0
Charges for services	2,112,552	0	0	0
Special assessments	0	0	0	0
Miscellaneous	445,334	0	359,148	333,717
Total receipts	<u>7,928,412</u>	<u>1,409,150</u>	<u>2,548,679</u>	<u>1,685,746</u>
<b>Disbursements:</b>				
Governmental activities:				
Public safety	3,868,710	0	1,541,626	0
Public works	1,403,787	950,256	55,305	0
Health and social services	12,083	0	0	0
Culture and recreation	1,624,328	0	336,381	0
Community and economic development	508,942	0	65,062	163,011
General government	1,048,719	0	504,462	0
Debt service	0	0	0	0
Capital projects	0	0	0	757,844
Total disbursements	<u>8,466,569</u>	<u>950,256</u>	<u>2,502,836</u>	<u>920,855</u>
Excess(deficiency) of receipts over(under) disbursements	(538,157)	458,894	45,843	764,891
<b>Other financing sources(uses):</b>				
Bond refinancing, net	0	0	0	0
Sale of capital assets	38,525	0	0	0
Transfers in	495,983	0	18,251	0
Transfers out	(139,357)	(321,788)	0	(1,559,082)
Total other financing sources(uses)	<u>395,151</u>	<u>(321,788)</u>	<u>18,251</u>	<u>(1,559,082)</u>
Excess(deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	(143,006)	137,106	64,094	(794,191)
Cash balances beginning of year	<u>3,631,597</u>	<u>22,028</u>	<u>94,556</u>	<u>1,773,853</u>
Cash balances end of year	<u>\$ 3,488,591</u>	<u>159,134</u>	<u>158,650</u>	<u>979,662</u>
<b>Cash Basis Fund Balances</b>				
Nonspendable:				
Central Perpetual Care	\$ 0	0	0	0
Fred Maytag Park Endowment	0	0	0	0
Restricted for:				
Streets	0	159,134	0	0
Employee Benefits	0	0	158,650	0
Tax Increment Financing	0	0	0	979,662
Debt Service	0	0	0	0
Capital projects	0	0	0	0
Other purposes	236,244	0	0	0
Unassigned	3,252,347	0	0	0
Total cash basis fund balances	<u>\$ 3,488,591</u>	<u>159,134</u>	<u>158,650</u>	<u>979,662</u>

SEE NOTES TO FINANCIAL STATEMENTS.

Exhibit B

Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total
872,597	0	0	6,293,597
0	0	0	1,347,281
18,916	0	0	1,703,058
0	0	0	155,019
2,072	0	6,087	109,517
0	2,490,631	0	4,103,067
0	0	0	2,112,552
23,864	0	0	23,864
0	39,073	0	1,177,272
917,449	2,529,704	6,087	17,025,227
0	0	0	5,410,336
0	0	0	2,409,348
0	0	0	12,083
0	0	0	1,960,709
0	0	0	737,015
0	0	0	1,553,181
5,914,670	0	0	5,914,670
0	2,862,266	0	3,620,110
5,914,670	2,862,266	0	21,617,452
(4,997,221)	(332,562)	6,087	(4,592,225)
3,610,000	0	0	3,610,000
0	2,400	0	40,925
1,450,000	211,446	0	2,175,680
0	0	0	(2,020,227)
5,060,000	213,846	0	3,806,378
62,779	(118,716)	6,087	(785,847)
4,623	234,261	464,455	6,225,373
67,402	115,545	470,542	5,439,526
0	0	237,222	237,222
0	0	233,320	233,320
0	0	0	159,134
0	0	0	158,650
0	0	0	979,662
67,402	0	0	67,402
0	115,545	0	115,545
0	0	0	236,244
0	0	0	3,252,347
67,402	115,545	470,542	5,439,526

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CITY OF NEWTON, IOWA  
 RECONCILIATION OF THE STATEMENT OF CASH  
 RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
 TO THE STATEMENT OF ACTIVITIES AND NET ASSETS -  
 GOVERNMENTAL FUNDS

Net change in cash balances (page 29) \$ (785,847)

*Amounts reported for governmental activities in the Statement of Activities  
 and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of partial self  
 funding of the City's health insurance benefit to individual funds. The change in net  
 assets of the Internal Service Fund is reported with governmental activities. (128,381)

Change in cash basis net assets of governmental activities (page 27) \$ (914,228)

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF NEWTON, IOWA  
STATEMENT OF CASH TRANSACTIONS AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2011

	Enterprise Funds		
	Skiff Medical Center	Newton Municipal Waterworks	Landfill
	Receipts:		
Charges for services	\$ 31,520,047	2,210,639	1,333,719
Use of money and property	897,071	7,326	31,572
Other city tax	0	0	0
Intergovernmental	0	0	6,986
Miscellaneous	1,588,790	95,124	1,310
Total receipts	34,005,908	2,313,089	1,373,587
Disbursements:			
Business-type activities:			
Operations	32,380,043	2,167,018	1,324,337
Debt service	122,318	128,975	0
Capital projects	688,029	182,606	0
	33,190,390	2,478,599	1,324,337
Governmental activities:			
Non-program	0	0	0
Total disbursements	33,190,390	2,478,599	1,324,337
Excess (deficiency) of receipts over (under) disbursements	815,518	(165,510)	49,250
Other financing sources (uses):			
Sale of capital assets	0	0	74,366
Payment to refunded bond escrow agent	0	(628,000)	0
Bond proceeds, net	0	628,000	0
Transfers in	0	0	0
Transfers out	0	0	(100,000)
Total other financing sources (uses)	0	0	(25,634)
Excess / (Deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses	815,518	(165,510)	23,616
Cash balances beginning of year, as restated	5,750,289	546,215	3,674,767
Cash balances end of year	\$ 6,565,807	380,705	3,698,383
Cash Basis Fund Balances			
Restricted for debt service	\$ 0	15,976	0
Unrestricted	6,565,807	364,729	3,698,383
Total cash basis fund balances	\$ 6,565,807	380,705	3,698,383

SEE NOTES TO FINANCIAL STATEMENTS.

Sewer	Other Nonmajor Enterprise Funds		Total	Internal Service Fund Group Insurance
1,777,277	407,474		37,249,156	0
7,123	2,658		945,750	0
0	35,457		35,457	0
5,900	45,062		57,948	0
81,816	5,205		1,772,245	0
<u>1,872,116</u>	<u>495,856</u>		<u>40,060,556</u>	<u>0</u>
1,520,686	420,331		37,812,415	0
349,886	0		601,179	0
449,103	0		1,319,738	0
<u>2,319,675</u>	<u>420,331</u>		<u>39,733,332</u>	<u>0</u>
0	0		0	8,385
<u>2,319,675</u>	<u>420,331</u>		<u>39,733,332</u>	<u>8,385</u>
(447,559)	75,525		327,224	(8,385)
0	0		74,366	0
0	0		(628,000)	0
364,384	0		992,384	0
0	100,000		100,000	0
0	(35,457)		(135,457)	(119,996)
<u>364,384</u>	<u>64,543</u>		<u>403,293</u>	<u>(119,996)</u>
(83,175)	140,068		730,517	(128,381)
<u>1,191,084</u>	<u>658,602</u>		<u>11,820,957</u>	<u>128,381</u>
<u>1,107,909</u>	<u>798,670</u>		<u>12,551,474</u>	<u>0</u>
0	0		15,976	0
<u>1,107,909</u>	<u>798,670</u>		<u>12,535,498</u>	<u>0</u>
<u>1,107,909</u>	<u>798,670</u>		<u>12,551,474</u>	<u>0</u>

CITY OF NEWTON, IOWA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011

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.

Based on the foregoing criteria, the Skiff Medical Center (Medical Center) and the Newton Municipal Waterworks (Waterworks) are considered to be a part of the primary government and, therefore, the financial information for the Medical Center and the Waterworks is included in the City's financial statements. The financial activities of the Medical Center and Waterworks are reported as Enterprise Funds. Certain disclosures about the Medical Center and Waterworks are not included because the Medical Center and Waterworks have been audited separately and a report has been issued under separate cover. The audited financial statements are available at the Skiff Medical Center and Newton Municipal Waterworks.

*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 net assets presents the City's nonfiduciary net assets. Net assets are reported in the following categories/components:

Nonexpendable restricted net assets are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net assets when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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.

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.

*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, 2011, 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, 2011. Disclosures about the Skiff Medical Center's (Medical Center) are included in the Medical Center's financial statements.

**Note 3 - Bonds and Notes Payable**

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

Year Ending June 30,	General Obligation Bonds		Sewer Revenues Capital Loan Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,470,000	\$ 829,359	\$ 230,000	\$ 123,840	\$ 1,700,000	\$ 953,199
2013	1,230,000	785,084	237,000	116,940	1,467,000	902,024
2014	2,120,000	747,965	244,000	109,830	2,364,000	857,795
2015	1,710,000	690,109	251,000	102,510	1,961,000	792,619
2016	1,655,000	620,794	260,000	94,980	1,915,000	715,774
2017	1,520,000	550,329	268,000	87,180	1,788,000	637,509
2018	1,555,000	485,118	275,000	79,140	1,830,000	564,258
2019	1,320,000	415,553	285,000	70,890	1,605,000	486,443
2020	1,140,000	359,787	294,000	62,340	1,434,000	422,127
2021	1,175,000	312,418	302,000	53,520	1,477,000	365,938
2022	1,230,000	255,793	312,000	44,460	1,542,000	300,253
2023	1,290,000	196,348	323,000	35,100	1,613,000	231,448
2024	1,350,000	133,993	180,000	25,410	1,530,000	159,403
2025	1,410,000	71,092	186,000	20,010	1,596,000	91,102
2026	-	-	193,000	14,430	193,000	14,430
2027	-	-	198,000	8,640	198,000	8,640
2028	-	-	29,000	2,700	29,000	2,700
2029	-	-	30,000	1,830	30,000	1,830
2030	-	-	31,000	930	31,000	930
<b>Total</b>	<b>\$ 20,175,000</b>	<b>\$ 6,453,742</b>	<b>\$ 4,128,000</b>	<b>\$ 1,054,680</b>	<b>\$ 24,303,000</b>	<b>\$ 7,508,422</b>

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.

Skiff Medical Center (the Medical Center) Debt

The Medical Center leases various medical equipment and information system hardware and software under capital lease agreements. The property cost and the related liability under each capital lease was recorded at the present value of the future minimum payments due under the lease, as determined with imputed interest rates ranging from 4.4% to 5.0%.

Principal and interest maturities of the capital lease obligations at June 30, 2011 are summarized as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 146,537	24,325	170,862
2013	153,816	17,046	170,862
2014	161,458	9,404	170,862
2015	87,770	2,595	90,365
2016	25,077	371	25,448
Total	<u>\$ 574,658</u>	<u>53,741</u>	<u>628,399</u>

*Capital Lease Commitments*

The Medical Center has entered into a Master Lease Agreement with Phillips Medical Capital LLC committing to lease additional medical equipment in the amount of approximately \$2,700,000. The equipment will be placed in service over the next fiscal year.

Newton Municipal Waterworks Debt

A schedule of long-term debt obligations at June 30, 2011 for the Waterworks is as follows:

	Ending Balance
Revenue Bonds	\$ 628,000
Capital Loan Notes	30,000
Total	<u>\$ 658,000</u>

The Waterworks' revenue bonds have a fixed interest rate of 3.0% per annum. Annual principal and semi-annual interest payments will continue through June 2020.

The Waterworks' capital loan notes have a fixed interest rate of 5.3% per annum. The remainder of the debt outstanding will be repaid with one year.

Future payments of principal and interest on the long-term debt obligations are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 90,000	20,430	110,430
2013	62,000	17,040	79,040
2014	64,000	15,180	79,180
2015	67,000	13,260	80,260
2016	69,000	11,250	80,250
2017	72,000	9,180	81,180
2018	75,000	7,020	82,020
2019	78,000	4,770	82,770
2020	81,000	2,430	83,430
Total	\$ 658,000	100,560	758,560

**Note 4 - Employer Incentives Agreement**

During the year ended June 30, 2009 the City entered into an agreement with Jasper County to pay one-half of the interest payments on the Counties 2007 General Obligation, Urban Renewal Bonds during fiscal years 2009-2010 through and including 2012-2013. These payments will total \$263,842, and are summarized as follows:

Employer Incentives Agreement	
Year Ending June 30,	November 13, 2007 Amount
2012	\$ 131,921
2013	131,921
	\$ 263,842

**Note 5 - Advance Refunding of General Obligation Bonds**

In December 2010, the City issued \$3,615,000 of general obligation refunding bonds. The City used the proceeds of the refunding bonds to retire the remaining outstanding balance of the 2001A general obligation notes, 2003A general obligation notes, 2004A general obligation refunding notes, 2004B general obligation notes, and 2006C general obligation refunding notes. The net present value savings over the life of the bonds was \$230,917.

**Note 6 - Employment Retirement Systems**

**MFPRSI** - 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, West Des Moines, IA 50263.

Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate, based upon an actuarially determined normal contribution rate, cannot be less than 19.9% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to the Plan for the years ended June 30, 2011, 2010 and 2009 were \$505,959, \$443,950, and \$519,538, respectively, which (met) exceeded the required 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 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 4.50% of their annual covered salary, and the City is required to contribute 6.95% of covered salary. The City's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$236,584, \$223,404, and \$211,869, respectively, equal to the required contributions for each year. The Medical Center's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$1,098,744, \$1,079,219 and \$1,206,065, respectively, equal to the required contributions for each year. The Waterworks' contribution to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$54,143, \$50,389, and \$43,401, respectively, equal to the required contributions for each year.

#### **Note 7 - Other Postemployment Benefits**

##### City

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 103 active and 8 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.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

Projected claim costs of the medical plan range from \$428.19 for single to \$1,314.12 for family under Plan \$350/\$750 deductible, \$405.14 for single to \$1,243.37 for family under Plan \$500/\$1,000 deductible, \$384.13 for single to \$1,179.89 for family under Plan \$750/\$1,500 deductible and \$250.73 for single to \$769.49 for family under Plan \$2,500/\$5,000 deductible. Upon retirement, the retired participant is assumed to pay 100% of the required premium. For the year ended June 30, 2011, the City contributed \$23,655 to the medical plan. Plan members eligible for benefits contributed \$0.

Health Center

Plan Description - The Medical Center operates a single-employer retiree benefit plan which provides medical benefits/prescription drug benefits for retirees and their spouses. There are 271 active and 7 retired members in the plan. Participants must be age 55 or older at retirement. The medical/prescription drug coverage is provided through a self-insured plan. Retirees under age 65 pay the same contribution for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the Medical Center. The Medical Center currently finances the retiree benefit plan on a pay-as-you-go basis.

Details of the OPEB plan are available in the Skiff Medical Center's audit report for the year ended June 30, 2011. The report may be obtained by writing to the Skiff Medical Center, 204 N. 4<sup>th</sup> Ave. East, Newton, Iowa 50208.

Waterworks

Plan Description - The Waterworks operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 15 active and no retired members in the plan. Participants must be age 55 or older at retirement.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The Waterworks currently finances the retiree benefit plan on a pay-as-you-go basis.

Details of the OPEB plan are available in the Newton Municipal Waterworks audit report for the year ended June 30, 2011. The report may be obtained by writing to the Newton Municipal Waterworks, Newton, Iowa 50208.

Note 8 - Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensated absences payable to employees at June 30, 2011, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	<u>\$ 691,843</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, 2011.

Note 9 – 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 \$4,846,200. This amount is based upon the current use of 30% of the estimated total capacity at full build-out. The remaining \$1,307,800 of closure and postclosure costs will be recognized as the remaining capacity is filled.

These amounts are based upon what it would cost to perform all closure and postclosure care in 2011. The City expects to close the existing active area of the landfill in 2014. 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 57.43%, or \$2,783,173, 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 10 – Transfers

The details of transfers for the year ended June 30, 2011, is as follows:

	Transfers in					Total
	General Fund	Employee Benefits Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Enterprise Funds	
Transfers out						
General fund	\$ -	\$ -	\$ 15,536	\$ 123,821	\$ -	\$ 139,357
Tax Increment Financing fund	54,199	18,251	1,399,007	87,625	-	1,559,082
Road use tax	321,788	-	-	-	-	321,788
Insurance Fund	119,996	-	-	-	-	119,996
Landfill fund	-	-	-	-	100,000	100,000
Nonmajor enterprise funds	-	-	35,457	-	-	35,457
Total	<u>\$ 495,983</u>	<u>\$ 18,251</u>	<u>\$ 1,450,000</u>	<u>\$ 211,446</u>	<u>\$ 100,000</u>	<u>\$ 2,275,680</u>

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.

The transfer to the General fund from the Insurance Fund was the result of the City closing the Insurance Fund with the money in the fund going to the General Fund.

The transfer to the Employee Benefits Fund from the Tax Increment Financing Fund represents the reimbursement of disbursements for the benefits of the economic development director.

The transfers to the Debt Service Fund are for the payment of debt and for a corrective transfer for special assessment taxes that was posted twice.

The transfer to the Capital Projects Fund represent the General Fund and Tax Increment Financing (TIF) Fund reimbursing for the payment of the city center roof, RDG bowl, tennis courts, and bike & hiking trail.

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.

#### Note 11 - Commitments and Contingencies

The City's corporate counsel reported that as of June 30, 2011, 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 12 - Risk Management

##### City

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 634 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 funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2011 were \$167,881.

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 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, 2011, 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.

Medical Center

The Medical Center has a self-insurance program for hospitalization and medical coverage for its employees. The Medical Center limits its losses through the use of stop-loss policies from reinsurers. Specific individual losses for claims are limited to \$60,000 per year. The Medical Center's aggregate annual loss limitation is limited to 120% of estimated claims each year. The Medical Center's expense under the self-insurance program for the years ended June 30, 2011 and 2010 was \$2,608,634 and \$2,262,598, respectively.

Cumulative amounts estimated to be payable by the Medical Center with respect to pending and potential claims for all years in which the Medical Center is liable under its self-insurance program have been accrued as liabilities. Such accrued liabilities are necessarily based on estimates; thus, the Medical Center's ultimate liability may exceed or be less than amounts accrued.

During the year ended June 30, 2010, the Board of Trustees designated \$300,000 as assets whose use is limited for the payment of claims incurred under the self-insurance program.

Waterworks

The Newton Municipal Waterworks 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. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 13 - Accounting Change/Restatement

During the 2011 fiscal year the City began reporting the Skiff Medical Center and the Newton Municipal Waterworks as Enterprise Funds in accordance with Chapter 392 of the Code of Iowa and Attorney General's opinion dated January 15, 1987. The effect of this reclassification is as follows:

	<u>Skiff</u>	<u>Newton</u>
	Medical Center	Municipal Waterworks
Balances June 30, 2010, as previously reported	\$ 0	0
Change in balances due to reclassification	5,750,289	546,215
Balances July 1, 2010, as restated	<u>\$ 5,750,289</u>	<u>546,215</u>

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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, 2011

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 6,293,597	0	0
Tax increment financing collections	1,347,281	0	0
Other city tax	1,703,058	35,457	0
Licenses and permits	155,019	0	0
Use of money and property	109,517	945,750	0
Intergovernmental	4,103,067	57,948	0
Charges for services	2,112,552	37,249,156	0
Special assessments	23,864	0	0
Miscellaneous	1,177,272	1,772,245	0
Total receipts	<u>17,025,227</u>	<u>40,060,556</u>	<u>0</u>
Disbursements:			
Public safety	5,410,336	0	0
Public works	2,409,348	0	0
Health and social services	12,083	0	0
Culture and recreation	1,960,709	0	0
Community and economic development	737,015	0	0
General government	1,553,181	0	0
Debt service	5,914,670	0	0
Capital projects	3,620,110	0	0
Business-type	0	39,733,332	0
Non-program	0	8,385	8,385
Total disbursements	<u>21,617,452</u>	<u>39,741,717</u>	<u>8,385</u>
Excess (Deficiency) of receipts over (under) disbursements	(4,592,225)	318,839	(8,385)
Other financing sources(uses), net	<u>3,806,378</u>	<u>283,297</u>	<u>(119,996)</u>
Excess(deficiency) of receipts and other financing sources over(under) disbursements and other financing uses	(785,847)	602,136	(128,381)
Balance beginning of year	<u>6,225,373</u>	<u>11,949,338</u>	<u>128,381</u>
Balance end of year	<u>\$ 5,439,526</u>	<u>12,551,474</u>	<u>0</u>

SEE NOTES TO FINANCIAL STATEMENTS.

Net	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	Original	Final	
6,293,597	6,258,941	6,258,941	34,656
1,347,281	1,660,440	1,562,402	(215,121)
1,738,515	1,746,028	1,746,028	(7,513)
155,019	171,750	139,600	15,419
1,055,267	256,062	227,062	828,205
4,161,015	1,793,963	4,152,448	8,567
39,361,708	39,471,852	43,041,384	(3,679,676)
23,864	500	500	23,364
2,949,517	621,477	737,139	2,212,378
57,085,783	51,981,013	57,865,504	(779,721)
5,410,336	5,524,550	5,592,550	182,214
2,409,348	2,663,329	2,668,329	258,981
12,083	33,689,899	24,620	12,537
1,960,709	2,065,576	2,083,583	122,874
737,015	868,711	900,711	163,696
1,553,181	1,502,841	1,654,841	101,660
5,914,670	2,326,600	6,026,600	111,930
3,620,110	370,000	3,980,800	360,690
39,733,332	6,796,643	43,584,936	3,851,604
0	0	0	0
61,350,784	55,808,149	66,516,970	5,166,186
(4,265,001)	(3,827,136)	(8,651,466)	4,386,465
4,209,671	747,100	3,930,784	278,887
(55,330)	(3,080,036)	(4,720,682)	4,665,352
18,046,330	18,069,325	18,069,325	(326,697)
17,991,000	14,989,289	13,348,643	4,338,655

CITY OF NEWTON, IOWA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2011

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 \$10,708,821. 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, 2011

	Permanent		Total
	Central Perpetual Care	Fred Maytag Park Endowment	
Receipts:			
Use of money and property	\$ 6,087	0	6,087
Total receipts	<u>6,087</u>	<u>0</u>	<u>6,087</u>
Excess of receipts over disbursements	6,087	0	6,087
Cash balances beginning of year	<u>231,135</u>	<u>233,320</u>	<u>464,455</u>
Cash balances end of year	<u>\$ 237,222</u>	<u>233,320</u>	<u>470,542</u>

CITY OF NEWTON, IOWA  
 COMBINING SCHEDULE OF CASH TRANSACTIONS AND CHANGES IN CASH BALANCES  
 NONMAJOR ENTERPRISE FUNDS  
 YEAR ENDED JUNE 30, 2011

	Landfill		
	Post Closure	Golf	Total
Receipts:			
Charges for services	\$ 0	407,474	407,474
Use of money and property	2,658	0	2,658
Other city tax	0	35,457	35,457
Intergovernmental	0	45,062	45,062
Miscellaneous	0	5,205	5,205
Total receipts	<u>2,658</u>	<u>493,198</u>	<u>495,856</u>
Disbursements:			
Business-type activities:			
Operations	0	420,331	420,331
Total disbursements	<u>0</u>	<u>420,331</u>	<u>420,331</u>
Excess of receipts over disbursements	2,658	72,867	75,525
Other financing sources(uses):			
Transfers in	100,000	0	100,000
Transfers out	0	(35,457)	(35,457)
Total other financing sources(uses)	<u>100,000</u>	<u>(35,457)</u>	<u>64,543</u>
Excess of revenues and other financing sources over expenditures and other financing uses	102,658	37,410	140,068
Cash balances beginning of year	<u>524,376</u>	<u>134,226</u>	<u>658,602</u>
Cash balances end of year	<u>\$ 627,034</u>	<u>171,636</u>	<u>798,670</u>

CITY OF NEWTON, IOWA  
 SCHEDULE OF INDEBTEDNESS  
 YEAR ENDED JUNE 30, 2011

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
City:			
General Obligation Bonds:			
2001A Series, Public improvements and equipment	5/24/2001	4.50-5.00	\$ 2,040,000
2003A Series, Public improvements and equipment	3/1/2003	2.65-4.25	1,515,000
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
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
2009A Series, Refunding	8/25/2009	2.00-3.13	1,115,000
2009B Series, Refunding	8/25/2009	1.75-5.15	6,300,000
2010A Series Refunding	12/30/2010	0.75-2.60	3,095,000
2010B Series Refunding	12/30/2010	0.50-1.45	515,000
Total			
Sewer Revenue Capital Loan Notes:			
2002 Sewer	4/3/2002	3.00 %	\$ 2,111,497
2007 Sewer	4/15/2007	3.00	2,561,000
2010 Sewer	1/13/2010	3.00	240,616
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			
Skiff Medical Center:			
Capital Leases:			
Equipment			
Newton Municipal Waterworks:			
Revenue Bonds			
Capital Loan Notes			
John Deere Lease			
Total			

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 985,000	\$ 0	\$ 985,000	\$ 0	\$ 46,920	\$ -
880,000	0	880,000	0	34,750	-
500,000	0	500,000	0	8,800	-
1,300,000	0	1,300,000	0	49,036	-
9,700,000	0	0	9,700,000	450,119	-
415,000	0	415,000	0	15,670	-
695,000	0	60,000	635,000	39,053	-
995,000	0	115,000	880,000	25,875	-
5,985,000	0	530,000	5,455,000	235,909	-
0	3,095,000	0	3,095,000	18,249	-
0	515,000	105,000	410,000	2,037	-
<u>\$ 21,455,000</u>	<u>\$ 3,610,000</u>	<u>\$ 4,890,000</u>	<u>\$ 20,175,000</u>	<u>\$ 926,418</u>	<u>\$ -</u>
\$ 1,616,000	\$ 0	\$ 103,000	\$ 1,513,000	\$ 48,480	\$ -
2,265,000	0	102,000	2,163,000	67,950	-
240,616	228,384	17,000	452,000	11,456	-
<u>\$ 4,121,616</u>	<u>\$ 228,384</u>	<u>\$ 222,000</u>	<u>\$ 4,128,000</u>	<u>\$ 127,886</u>	<u>\$ -</u>
\$ 25,000	\$ 0	\$ 25,000	\$ 0	\$ 1,925	\$ -
10,000	0	10,000	0	535	-
<u>\$ 35,000</u>	<u>\$ 0</u>	<u>\$ 35,000</u>	<u>\$ 0</u>	<u>\$ 2,460</u>	<u>\$ -</u>
<u>\$ 292,052</u>	<u>\$ 383,066</u>	<u>\$ 100,460</u>	<u>\$ 574,658</u>	<u>\$ 21,858</u>	<u>\$ -</u>
\$ 685,000	\$ 0	\$ 57,000	\$ 628,000	\$ 26,646	\$ -
60,000	0	30,000	30,000	3,180	-
11,992	0	11,992	0	157	-
<u>\$ 756,992</u>	<u>\$ 0</u>	<u>\$ 98,992</u>	<u>\$ 658,000</u>	<u>\$ 29,983</u>	<u>\$ -</u>

CITY OF NEWTON, IOWA  
BONDS AND NOTE MATURITIES  
JUNE 30, 2011

Year Ending June 30,	General Obligation Bonds					
	2006B Series		2007A Series		2009A Series	
	Issued May 15, 2006		Issued June 20, 2007		Issued August 25, 2009	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2012	4.25 %	\$ 0	5.75 %	\$ 65,000	2.00 %	\$ 105,000
2013	4.25	0	5.75	65,000	2.00	105,000
2014	4.25	635,000	5.75	70,000	2.50	100,000
2015	4.50	660,000	5.50	75,000	2.75	150,000
2016	4.50	685,000	5.50	75,000	3.00	150,000
2017	4.50	715,000	5.50	85,000	3.00	150,000
2018	4.50	750,000	5.55	90,000	3.13	120,000
2019	4.50	780,000	5.60	95,000	-	0
2020	4.63	815,000	5.75	15,000	-	0
2021	4.75	850,000	-	0	-	0
2022	4.75	890,000	-	0	-	0
2023	4.75	930,000	-	0	-	0
2024	4.75	975,000	-	0	-	0
2025	5.00	1,015,000	-	0	-	0
		<u>\$ 9,700,000</u>		<u>\$ 635,000</u>		<u>\$ 880,000</u>

Year Ending June 30,	General Obligation Bonds					
	2009B Series		2010A Series		2010B Series	
	Issued August 25, 2009		Issued December 30, 2010		Issued December 30, 2010	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2012	2.50 %	\$ 540,000	0.75 %	\$ 655,000	0.75 %	\$ 105,000
2013	2.80	525,000	0.90	430,000	0.90	105,000
2014	3.40	785,000	1.15	430,000	1.15	100,000
2015	3.70	285,000	1.45	440,000	1.45	100,000
2016	4.10	295,000	1.75	450,000	-	0
2017	4.30	305,000	2.00	265,000	-	0
2018	4.70	320,000	2.30	275,000	-	0
2019	4.88	295,000	2.60	150,000	-	0
2020	5.00	310,000	-	0	-	0
2021	5.00	325,000	-	0	-	0
2022	5.05	340,000	-	0	-	0
2023	5.05	360,000	-	0	-	0
2024	5.10	375,000	-	0	-	0
2025	5.15	395,000	-	0	-	0
		<u>\$ 5,455,000</u>		<u>\$ 3,095,000</u>		<u>\$ 410,000</u>

(continued)

CITY OF NEWTON, IOWA  
BONDS AND NOTE MATURITIES  
JUNE 30, 2011

<u>Year Ending June 30,</u>	<u>Total</u>
2012	\$ 1,470,000
2013	1,230,000
2014	2,120,000
2015	1,710,000
2016	1,655,000
2017	1,520,000
2018	1,555,000
2019	1,320,000
2020	1,140,000
2021	1,175,000
2022	1,230,000
2023	1,290,000
2024	1,350,000
2025	1,410,000
	<u>\$ 20,175,000</u>

(continued)

CITY OF NEWTON, IOWA  
BONDS AND NOTE MATURITIES  
JUNE 30, 2011

Year Ending June 30,	Sewer Revenue Capital Loan Notes					
	Issued April 15, 2007		Issued April 3, 2002		Issued January 13, 2010	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2012	3.00 %	\$ 105,000	3.00 %	\$ 107,000	3.00 %	\$ 18,000
2013	3.00	109,000	3.00	110,000	3.00	18,000
2014	3.00	112,000	3.00	113,000	3.00	19,000
2015	3.00	116,000	3.00	116,000	3.00	19,000
2016	3.00	120,000	3.00	120,000	3.00	20,000
2017	3.00	123,000	3.00	124,000	3.00	21,000
2018	3.00	127,000	3.00	127,000	3.00	21,000
2019	3.00	132,000	3.00	131,000	3.00	22,000
2020	3.00	136,000	3.00	135,000	3.00	23,000
2021	3.00	140,000	3.00	139,000	3.00	23,000
2022	3.00	145,000	3.00	143,000	3.00	24,000
2023	3.00	150,000	3.00	148,000	3.00	25,000
2024	3.00	154,000	3.00	0	3.00	26,000
2025	3.00	159,000	3.00	0	3.00	27,000
2026	3.00	165,000	3.00	0	3.00	28,000
2027	3.00	170,000	3.00	0	3.00	28,000
2028	-	0	-	0	3.00	29,000
2029	-	0	-	0	3.00	30,000
2030	-	0	-	0	3.00	31,000
		<u>\$ 2,163,000</u>		<u>\$ 1,513,000</u>		<u>\$ 452,000</u>

Year Ending June 30,	Sewer Revenue Capital Loan Notes	
	Total	
2012	230,000	
2013	237,000	
2014	244,000	
2015	251,000	
2016	260,000	
2017	268,000	
2018	275,000	
2019	285,000	
2020	294,000	
2021	302,000	
2022	312,000	
2023	323,000	
2024	180,000	
2025	186,000	
2026	193,000	
2027	198,000	
2028	29,000	
2029	30,000	
2030	31,000	
	<u>\$ 4,128,000</u>	

CITY OF NEWTON, IOWA  
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION  
ALL GOVERNMENTAL FUND TYPES

FOR THE LAST EIGHT YEARS

	2011	2010	2009	2008	2007	2006	2005	2004
<b>Receipts:</b>								
Property tax	\$ 6,293,597	5,951,760	5,493,609	5,984,330	7,230,696	5,994,989	5,654,908	5,758,479
Tax increment financing collections	1,347,281	2,242,523	1,891,542	2,036,141	1,860,065	1,691,755	1,508,311	872,463
Other city tax	1,703,058	1,657,637	1,655,392	1,675,923	285,958	328,427	314,247	322,489
Licenses and permits	155,019	157,553	159,900	190,304	205,956	225,130	161,605	171,658
Use of money and property	109,517	112,136	177,015	280,094	346,163	244,662	192,121	210,000
Intergovernmental	4,103,067	2,817,356	4,504,063	4,908,820	6,171,243	1,799,776	2,203,808	2,458,778
Charges for services	2,112,552	2,240,062	2,223,544	2,036,389	1,957,417	1,942,775	1,905,605	1,707,917
Special assessments	23,864	22,407	24,383	45,262	77,206	15,647	7,123	20,695
Miscellaneous	1,177,272	879,158	609,260	1,040,044	497,221	960,438	440,812	588,492
<b>Total receipts</b>	<b>\$ 17,025,227</b>	<b>16,080,592</b>	<b>16,738,708</b>	<b>18,197,307</b>	<b>18,631,925</b>	<b>13,203,599</b>	<b>12,388,540</b>	<b>12,110,971</b>
<b>Disbursements:</b>								
<b>Governmental activities:</b>								
Public safety	\$ 5,410,336	5,093,366	5,284,662	5,134,641	5,168,187	5,024,945	4,977,075	4,805,464
Public works	2,409,348	2,415,994	2,523,491	2,544,558	2,186,286	2,109,548	2,282,945	2,159,562
Health and social services	12,083	267,944	12,032	12,464	12,898	14,721	40,177	287,589
Culture and recreation	1,960,709	1,689,233	1,774,050	1,723,088	1,544,680	1,456,883	1,525,350	1,271,987
Community and economic development	737,015	4,462,506	3,931,121	3,451,583	8,344,843	7,677,471	1,435,070	999,778
General government	1,553,181	1,135,415	1,190,467	1,268,716	1,136,829	1,114,948	985,365	1,018,977
Debt service	5,914,670	2,190,835	2,161,937	2,711,173	3,025,150	3,569,991	2,164,850	2,449,921
Capital projects	3,620,110	3,864,984	786,856	430,141	546,850	1,092,201	2,915,109	975,263
<b>Total disbursements</b>	<b>\$ 21,617,452</b>	<b>21,120,277</b>	<b>17,664,616</b>	<b>17,276,364</b>	<b>21,965,723</b>	<b>22,060,708</b>	<b>16,325,941</b>	<b>13,968,541</b>

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## **COMPLIANCE SECTION**

CITY OF NEWTON, IOWA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2011

GRANTOR/PROGRAM	CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	PROGRAM EXPENDITURES
DIRECT:			
DEPARTMENT OF HOMELAND SECURITY:			
ASSISTANCE TO FIREFIGHTERS GRANT PROGRAM	97.044	EMW-2009-FD-00364	3,026
ASSISTANCE TO FIREFIGHTERS GRANT PROGRAM	97.044	EMW-2010-FD-00364	4,973
			<u>7,999</u>
INDIRECT:			
DEPARTMENT OF COMMERCE			
ECONOMIC ADJUSTMENT GRANT	11.307	05-79-04645	213,883
DEPARTMENT OF THE INTERIOR			
HISTORIC PRESERVATION FUND GRANTS-IN-AID	15.904	2009-07	5,341
DEPARTMENT OF JUSTICE:			
GOVERNOR'S OFFICE OF DRUG CONTROL POLICY:			
BULLETPROOF VEST PARTNERSHIP PROGRAM	16.607	2010BUBX10051541	973
BYRNE FORMULA GRANT PROGRAM	16.738	09-JAG/ARRA-3460B	31,702
FEDERAL HIGHWAY ADMINISTRATION			
IOWA DEPARTMENT OF TRANSPORTATION:			
AIRPORT IMPROVEMENT PROGRAM	20.106	3-19-0065-11-2010	2,282,770
ARRA- HIGHWAY PLANNING AND CONSTRUCTION	20.205	STP-E-5482(612)-8V-50	192,695
ALCOHOL IMPAIRED DRIVING COUNTERMEASURES INCENTIVES	20.601	31859560062495	9,077
ENVIRONMENTAL PROTECTION AGENCY			
CLEAN WATER STATE REVOLVING FUND (CWSRF)	66.458	CS-192478-01	364,384
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	PA-07-IA-1930-PW-1035(0)	7,940
DISASTER GRANTS - PUBLIC ASSISTANCE			
(PRESIDENTIALLY DECLARED DISASTERS)	97.036	PA-07-IA-1930-PW-0013(0)	5,900
			<u>13,840</u>
TOTAL			<u>\$ 3,122,664</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, 2011, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated December 22, 2011. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Skiff Medical Center (the Medical Center), a major Proprietary Fund, and the Newton Municipal Waterworks (the Waterworks), a major Proprietary Fund as described in our report on the City of Newton's financial statements. The report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters which are reported on separately by those auditors.

#### 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 an 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Newton, Iowa's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting we consider to be material weaknesses, as defined above.

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.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 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.

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.

December 22, 2011

**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 That Could  
Have a Direct and Material Effect on 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 could have a direct and material effect on its major federal programs for the year ended June 30, 2011. The City's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements 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 U.S. generally accepted auditing standards, 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 OMB Circular A-133 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, 2011.

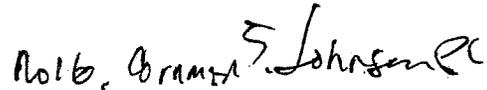
Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

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

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.

December 22, 2011

CITY OF NEWTON, IOWA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011

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 U.S. generally accepted accounting principles.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over each major program were noted.
- (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 20.106 - Airport Improvement Program
  - CFDA Number 66.458 - Clean Water State Revolving Funds
- (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, 2011

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the Financial Statements were noted

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major program were noted

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-11 Certified Budget - City disbursements for the year ended June 30, 2011, did not exceed the amount budgeted.

IV-B-11 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-11 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-11 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-11 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-11 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-G-11 Revenue Bonds - No instances of non-compliance with the provisions of the City's revenue bond resolutions were noted.

IV-H-11 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-11 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.

**STATISTICAL SECTION  
(UNAUDITED)**

Table 1

CITY OF NEWTON, IOWA  
TAX INCREMENT FINANCING FUND - STATEMENT OF CASH RECEIPTS  
AND DISBURSEMENTS (UNAUDITED)  
INCEPTION TO JUNE 30, 2011

Operating receipts:	
Bond proceeds	\$ 31,560,946
Interest on investments	164,491
Sale of property	1,195,701
Property taxes	20,639,359
Intergovernmental	10,421,240
Miscellaneous	1,019,757
	<hr/>
	65,001,494
Operating disbursements:	
Property acquisition and improvement	9,694,327
Property demolition	966,390
Economic development grants	18,462,147
Legal and administrative	1,470,138
Property taxes	94,716
Relocation	47,050
Contractual services	5,000
Operating supplies	15,139
Structures	62,542
Refunds	752,140
Revenue bond principal	5,074,852
Revenue bond interest	896,194
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
Lighting and landscaping	179,763
Storage Yard	578,063
Payment to other agencies	610,369
	<hr/>
	41,433,442
Operating receipts over operating disbursements	23,568,052
Other transactions:	
Transfer to Debt Service Fund - bond interest	(19,423,145)
Transfer to General Fund - economic development	(3,573,218)
Transfer to Central Business District	(2,500)
Transfer to Employee Benefits Fund	(99,847)
Transfer to Capital Projects Fund	(818,764)
Transfer to Sewer Fund	(547,555)
Interfund loan	1,876,639
	<hr/>
Cash and investment balance at June 30, 2011	\$ 979,662
	<hr/> <hr/>

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.

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

Year Ended June 30	Golf	Landfill	Sewer	Parking	Medical Center	Waterworks
1999	\$ 237,829	\$ 1,016,244	\$ 1,624,456	\$ 71,803	\$ -	\$ -
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	-	-	-
2010	482,920	1,443,700	1,792,379	-	-	-
2011	407,474	1,333,719	1,777,277	-	31,520,047	2,210,639

Note: Beginning in the 2011 fiscal year the City began reporting the Skiff Medical Center and Newton Municipal Waterworks as Enterprise funds.

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
		1999	14,789**								
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
2010	15,579***	\$ 5,127,611	\$ 329.14	\$ 2,422,659	\$ 155.51	\$ 267,944	\$ 17.20	\$ 1,696,648	\$ 108.91	\$ 4,465,669	\$ 286.65
2011	15,254****	\$ 5,414,879	\$ 354.98	\$ 2,410,052	\$ 157.99	\$ 12,083	\$ 0.79	\$ 1,961,802	\$ 128.61	\$ 737,224	\$ 48.33

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

\*\* 1990 census figures

\*\*\* 2000 census figures

\*\*\*\* 2010 census figures

Note: Beginning in the 2011 fiscal year the City began reporting the Skiff Medical Center and Newton Municipal Waterworks as Enterprise funds.

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
								\$ 18,034,278	\$ 1,219.44
								\$ 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
\$ 1,149,508	\$ 73.79	\$ 2,190,835	\$ 140.63	\$ 3,864,984	\$ 248.09	\$ 3,639,947	\$ 233.64	\$ 24,825,805	\$ 1,593.54
\$ 1,555,017	\$ 101.94	\$ 5,914,670	\$ 387.75	\$ 3,620,110	\$ 237.32	\$ 39,733,332	\$ 2,604.78	\$ 61,359,169	\$ 4,022.50

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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>
1999	\$ 3,464,404	\$ 2,209,366	\$ 1,197,079
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
2010	4,545,913	2,152,614	933,277
2011	4,915,611	2,189,531	915,377

\* Includes special assessments

\*\* Does not include Tax Increment Financing property tax receipts

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>
1998	1999	\$ 5,922,601	\$ 5,934,327
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
2009	2010	5,941,263	5,947,898
2010	2011	6,434,266	6,293,014

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>
100.20%	\$ 2,361	\$ 958,457	\$ 6,895,145
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
100.11%	3,862	2,242,523	8,194,283
97.80%	583	1,347,281	7,640,878

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	2000	\$ 15.39680	\$ 15.41000	\$ 9.87591	\$ 0.52451
2000	2001	15.40482	15.10449	7.12568	0.54506
2001	2002	15.04789	15.10000	7.02263	0.54454
2002	2003	15.83348	15.53000	5.84654	0.54584
2003	2004	16.40942	15.38000	5.89480	0.58184
2004	2005	17.19063	15.94998	8.06036	0.59856
2005	2006	16.78900	15.95000	9.16450	0.68408
2006	2007	16.91412	16.63000	9.24852	0.68688
2007	2008	16.48184	15.79100	9.17034	0.60276
2008	2009	16.73813	15.65673	9.29114	0.84695
2009	2010	16.56630	15.65613	8.99696	0.56778
2010	2011	16.72645	15.34596	8.38776	0.56008

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>
\$ 0.09314	\$ 0.24894	\$ 0.00500	\$ 41.55430	39.92%
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	36.62%
0.17218	0.40747	0.00350	43.11610	36.31%
0.17240	0.40625	0.00300	42.36882	36.95%
0.17318	0.42448	0.00340	41.62131	36.87%

Table 7

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

Date	Population Per Census	Taxable Value (Agricultural Land Included)	General Obligation Bonded Debt	Ratio of General Obligation Bonded Debt to Taxable Value	General Obligation Bonded Debt Per Capita
6/30/1999	14,789*	\$ 421,775,111	\$ 13,642,013 (1) (2)	0.032344	\$ 922.44
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
6/30/2010	15,579**	415,904,928	25,611,616 (1) (2)	16.238918	1,643.98
6/30/2011	15,254***	454,143,296	24,303,000 (1) (2)	18.686718	1,593.22

\* 1990 census figures.

\*\* 2000 census figures.

\*\*\* 2010 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, 2011

Fire and extended property coverage - all risk - \$1,000 deductible:	
APD Vehicle	\$ 4,223,791
Buildings	28,643,822
Personal property	3,668,218
Miscellaneous property	3,133,892
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	200 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, 2011

Sewer customers served at June 30, 2011 6,236

Sewer rates in effect at June 30, 2011:  
 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, 2011

## Ten Largest Employers in Jasper County

Name (1)	Business Activity
TPI	Wind turbine blades
Skiff Medical Center	Hospital
Hy-Vee Corporation	Food retailer
Wal-Mart, Inc.	Retail
Caleris	Telecommunications call center
Rock Communications	Commercial printing
The Vernon Company	Specialty advertising
Trinity Structural Towers	Wind turbine blades
Progress Industries	Contract assembly
Newton Manufacturing	Specialty advertising

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

Name (2)	Business Activity
AG/IRG WPP Newton LLC	Former Maytag manufacturing plant
Wal-Mart, Inc.	Retail
Newton Investments LLC	Two hotels
Love's Travel Stop	Convenience store/gas station
Hy-Vee Corporation	Food retailer
Newton Lodge and Suites, LLC	Hotel
IWA Services LLC	Local phone/internet/communications
US Motorsport Corporation	Iowa Speedway land/infrastructure
Pence, Levi and Barbara	Funeral home and various rentals
American Healthcare Invst. LLC	Two nursing homes
Dondim LLC	Ford auto sales

(1) Source - Iowa Workforce Development

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