CITY OF NEWTON, IOWA

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

JUNE 30, 2016

CITY OF NEWTON, IOWA
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INTRODUCTORY SECTION

GET TO KNOW Newton

March 13, 2017

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, 2016, and to also provide information about the City organization and community. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

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

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

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

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

City of Newton 101 W 4th Street S, P.O. Box 399, Newton, IA 50208 | (641) 792-2787 | www.NewtonGov.org | www.GetToKnowNewton.com

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

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

ECONOMIC CONDITION AND OUTLOOK

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

Newton remains the stable home of many strong local employers like Vernon Company, Thombert Inc., and Rock Communications. The local economy has rebounded from the 2009 recession, with many of the major employers expanding operations.

The overall outlook for Newton is positive. Supported by significant housing and retail initiatives, Newton is 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. Due to these factors, Newton will continue to recover past disinvestment 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's 2015-2017 Strategic Action Plan was adopted in January of 2015. Throughout the 2015-2016 fiscal year, Staff and the Council worked on implementing the plan through project initiatives and major capital investments.

FINANCIAL INFORMATION

City administration is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with the Cash Basis of Accounting, which is another comprehensive basis of accounting. Internal control is designed to provide reasonable, but not absolute, assurance

that these objectives are met. The concept of "reasonable assurance" recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls

The City maintains budgeting controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. All funds are included in the annual appropriated budget. The level of budgeting control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the program level.

As demonstrated by the financial statements and schedules included in the Financial Section of this Report, the City continues to meet its responsibility for sound financial management.

Debt Administration

At June 30, 2016 the City of Newton had a number of debt issues outstanding. Through the 2015-2016 fiscal year, the City maintained its rating from Moody's Investors Service on General Obligation Bond issues at Aa3. Under current state statutes, the City's General Obligation debt issues are subject to a legal limitation based on 5% of total actual value of real property.

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

Cash Management

Cash temporarily idle during the year was invested in demand deposits and certificates of deposit. The Investment Policy adopted by the City Council stresses the importance of capital preservation. The Policy directives intend to minimize credit and market risks while maintaining a competitive yield on the portfolio. Accordingly, deposits were either covered by Federal Depository Insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.

Risk Management

The City is fully insured for its general and auto liability as well as public official, police professional, and ambulance professional liability. Workers' compensation coverage is provided through a statewide risk pool for local governments, the Iowa Municipalities Workers' Compensation Association (IMWCA). The City 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. Gronewold, Bell, Kyhnn & Co. P.C. has issued unmodified opinions on the City of Newton's governmental activities, the business type activities, major funds and aggregate remaining funds financial statements for the year ended June 30, 2016. The independent auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report.

Acknowledgments

I am grateful for the support and interest of the Mayor and City Council, Department Directors, and other management Staff for their conscientiousness in planning and conducting the financial operations of the City of Newton in a responsible and progressive manner. Preparation of this Report could not have been accomplished without the efficient and dedicated services of the Finance and Administration Department Staff and the efficient assistance of the City's independent auditors.

Respectfully submitted,

Jarrod Wellik
Interim City Administrator

CITY OF NEWTON, IOWA
OFFICIALS

(Before January, 2016)

Name	Title	Term Expires
Michael Hansen	Mayor	January, 2016
Noreen Otto	Council Member	January, 2016
Jeff Price	Council Member	January, 2016
Craig Trotter	Council Member	January, 2016
Lin Chape	Council Member	January, 2018
Evelyn George	Council Member	January, 2018
Steve Mullan	Council Member	January, 2018
Robert Knabel	City Administrator	Indefinite
Katrina Davis	City Clerk	Indefinite
Matthew Brick	City Attorney	Indefinite

(After January, 2016)

Michael Hansen	Mayor	January, 2018
Craig Trotter	Council Member	January, 2020
Miranda Kulis	Council Member	January, 2020
Jeremy Biondi	Council Member	January, 2020
Lin Chape	Council Member	January, 2018
Steve Mullan	Council Member	January, 2018
Evelyn George	Council Member	January, 2018
Robert Knabel (Resigned October, 2016)	City Administrator	
Jarrod Wellik (Started October, 2016)	Interim, City Administrator	Indefinite
Katrina Davis	City Clerk	Indefinite
Matthew Brick	City Attorney	Indefinite

FINANCIAL SECTION

Gronewold, Bell, Kyhnn & Co. P.C.
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Newton, Iowa, as of and for the year ended June 30, 2016, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and
Members of the City Council

Opinions

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Major Governmental Funds:	
General	Unmodified
Special Revenue:	
Road Use Tax	Unmodified
Employee Benefits	Unmodified
Urban Renewal Tax Increment	Unmodified
Housing Initiative	Unmodified
Debt Service	Unmodified
Capital Projects	Unmodified
Major Enterprise Funds:	
Sewer	Unmodified
Landfill	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City's legally separate component units. Accounting principles applicable to the cash basis of accounting require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity which include the financial data for its component units. The City has not issued such reporting entity financial statements. The amounts by which this departure would affect the receipts, disbursements and cash balances of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Newton as of June 30, 2016, or the changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinions

In our opinion the financial statements referred to above present fairly in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Newton as of June 30, 2016, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

To the Honorable Mayor and
Members of the City Council

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Newton's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2015 (none of which are presented herein) and expressed adverse and unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the eight years ended June 30, 2014 (none of which are presented herein), were audited by other auditors whose report expressed adverse and unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in page 1 and pages 39 through 45, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The other information, including the Introductory Section, the City's Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedules of the City's Proportionate Share of the Net Pension Liability, the Schedules of City Contributions, the Schedule of Funding Progress for the Retiree Health Plan and the Statistical Section, on pages 5 through 5f and 31 through 38, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 20, 2017 on our consideration of the City of Newton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Newton's internal control over financial reporting and compliance.

Grewoll, Ben, Kyhn & Co. P.C.

Atlantic, Iowa
February 20, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Newton provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2016 FINANCIAL STATEMENTS

- Receipts of the City's governmental activities decreased 29.9%, or approximately $7,782,000, from fiscal year 2015 to fiscal year 2016. A majority of this decrease is from bond proceeds, which decreased approximately $9,495,000.

- Disbursements of the City's governmental activities increased 1.6%, or approximately $357,000, in fiscal year 2016 over fiscal year 2015. Capital projects disbursements increased by approximately $3,117,000 and refunding disbursement decreased by approximately $2,720,000.

- The City's total cash basis net position decreased 20.4%, or approximately $4,125,000, from June 30, 2015 to June 30, 2016. Of this amount, the cash basis net position of the governmental activities decreased approximately $4,288,000 and the cash basis net position of the business type activities increased approximately $163,000.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

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

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed 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 Financial Statement by providing information about the most significant funds.

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

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the non-major governmental funds and the City's indebtedness.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position are divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.

- Business Type Activities include the sanitary sewer system, the landfill, and the golf course. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These funds focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Employee Benefits and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund, and 5) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains separate Enterprise Funds to provide information for the Sewer and landfill Funds, considered to be major funds of the City.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's balance for governmental activities decreased approximately $4,288,000 from a year ago. The analysis that follows focuses on the cash balances for governmental activities.

Changes in Cash Basis Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30, 2016	Year ended June 30, 2015
Receipts:		
Program receipts:		
Charges for service	$ 2,365	$ 2,324
Operating grants, contributions and restricted interest	2,448	2,077
Capital grants, contributions and restricted interest	1,103	193
General receipts:		
Property tax	7,498	7,260
Tax increment financing	2,509	2,445
Other city tax	1,701	1,629
Unrestricted interest on investments	63	51
Bond proceeds	--	9,495
Other general receipts	587	582
Total receipts	18,274	26,056
Disbursements:		
Public safety	6,573	6,618
Public works	3,331	3,063
Culture and recreation	2,103	1,975
Community and economic development	1,975	2,604
General government	1,214	1,280
Debt service	3,034	2,730
Capital projects	4,682	1,565
General obligation notes refunded	--	2,720
Total disbursements	22,912	22,555
Change in cash basis net position before transfers	(4,638)	3,501
Transfers, net	350	274
Change in cash basis net position	(4,288)	3,775
Cash basis net position beginning of year	14,193	10,418
Cash basis net position end of year	$ 9,905	$ 14,193

The decrease in the City's cash basis net position for governmental activities was primarily a result of issuing new debt in the current year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The City's total receipts for governmental activities decreased 29.9%, or approximately $7,782,000. The total cost of all programs and services increased approximately $357,000, or 1.6%, from the prior year, with no programs added or deleted this year. The significant decrease in receipts was primarily the result of the issuance of bonds during fiscal year 2015. The increase in disbursements was primarily the result of the capital project and refunding disbursements.

The cost of all governmental activities this year was approximately $22.912 million compared to approximately $22.555 million last year. The City's disbursements increased significantly in the capital projects function. Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for services, increased in fiscal year 2016 from approximately $4,594,000 to approximately $5,916,000, principally due to receiving more in operating grants, contributions and restricted interest.

Changes in Cash Basis Net Position of Business Type Activities
(Expressed in Thousands)

	Year ended June 30,	
	2016	2015
Receipts:		
Program receipts:		
Charges for service:		
Sewer	$ 2,581	$ 2,649
Landfill	1,687	1,597
Golf	344	324
Operating grants, contributions and restricted interest	20	21
General receipts:		
Unrestricted interest on investments	32	29
Other general receipts	204	365
Total receipts	4,868	4,985
Disbursements:		
Sewer	2,515	2,582
Landfill	1,333	1,519
Golf	507	499
Total disbursements	4,355	4,600
Change in cash basis net position before transfers	513	385
Transfers, net	(350)	(274)
Change in cash basis net position	163	111
Cash basis net position beginning of year	6,052	5,941
Cash basis net position end of year	$ 6,215	$ 6,052

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Total business type activities receipts for the fiscal year were approximately $4.868 million compared to approximately $4.985 million last year. This decrease was due to a decrease in charges for sewer services and a decrease in other general receipts. Total disbursements for the fiscal year decreased 5.3% to approximately $4.355 million due to decreased sewer and landfill disbursements.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Newton completed the year, its governmental funds reported a combined fund balance of $9,904,094, a decrease of approximately $4,288,000 from last year's total of $14,192,391. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased $77,789 from the prior year to $2,401,748. Disbursements decreased $181,197, or 2.1%, over the prior year. The community and economic development function decreased approximately $196,000, primarily due to the City paying for certain urban renewal related disbursements, such as salaries and branding services, out of the General Fund. The City will certify the disbursements as tax increment financing obligations and subsequently reimburse the General Fund through tax increment financing collections transferred from the Special Revenue, Urban Renewal Tax Increment Fund.

- The Special Revenue, Road Use Tax Fund cash balance decreased $41,334 to $392,639. Receipts increased 18.8% and disbursements and net transfers out increased 24.7%.

- The Special Revenue, Employee Benefits Fund cash balance increased $100,980 to $223,624, primarily due to property tax collections plus transfers being more than benefits paid.

- The Special Revenue, Urban Renewal Tax Increment Fund cash balance decreased $431,507 to $35,045. The City collected less in tax increment financing receipts in the current year while disbursing more of rebate payments to developers. Transfers to the Debt Service Fund for payment of TIF related debt increased approximately $287,000.

- The Special Revenue, Housing Initiative Fund was created in 2014 using $3,650,000 of bond proceeds. The proceeds will be used to acquire, restore or demolish abandoned, dilapidated or dangerous buildings, fund programs to assist in providing for the acquisition, restoration or demolition of housing and pay costs to repair infrastructure in connection with carrying out the Newton Housing Initiative.

- The Debt Service Fund cash balance decreased $81,768 to $6,380.

- The Capital Projects Fund cash balance decreased $3,440,081 to $3,962,843. The decrease was primarily due to spent bond proceeds held at year end.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Sewer Fund cash balance decreased $104,697 to $1,133,307, due primarily to an increase in operating disbursements in the current fiscal year.

- The Enterprise, Landfill Fund cash balance increased $290,515 to $5,158,624 due to decreased capital project costs and increased operating receipts in the current year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on May 16, 2016 and resulted in a decrease in operating disbursements in the amount of $34,858,700.

The City's receipts/revenues were $279,507 less than budgeted. This was primarily due to actual other city tax being less than budgeted.

Actual disbursements were $5,079,963 less than the amended budget. This was primarily due to actual disbursements in the capital projects and business type activities being less than budgeted.

DEBT ADMINISTRATION

At June 30, 2016, the City had $26,656,000 of bonds and other long-term debt outstanding, compared to $29,356,000 last year as shown below.

Outstanding Debt at Year-End
(Expressed in Thousands)

	Year ended June 30,	
	2016	2015
General obligation bonds	$ 23,750	$ 26,190
Sewer revenue capital loan notes	2,906	3,166
Total	$ 26,656	$ 29,356

Debt decreased as a result of the City making scheduled payments on the existing debt.

The City continued to carry a general obligation bond rating of AA3 assigned by national rating agencies to the City's debt since 2010. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of $23,750,000 is significantly below its constitutional debt limit of approximately $41 million. Additional information about the City's long-term debt is presented in Notes 3 and 12 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Newton's elected and appointed officials and citizens considered many factors when setting the fiscal year 2017 budget, tax rates, and fees charged for various City activities. One of those factors is the economy. Unemployment in Jasper County now stands at 3.9% versus 3.9% a year ago. This compares with the State's unemployment rate of 4.0% and the national rate of 4.9%. All unemployment figures are as of June 30, 2016.

These indicators were taken into account when adopting the budget for fiscal year 2017. Amounts available for appropriation in the operating budget, including balances on hand and other financing sources, are approximately $52 million, a decrease of 18% from the final fiscal year 2016 budget. The decrease is due primarily to unspent bond proceeds for capital items. Budgeted disbursements/expenses increased approximately $4.6 million, primarily due to projects in the Housing Initiative and Capital funds.

If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately $4.6 million by the close of fiscal year 2017.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Frasier, Financial Assistant, 101 W. 4th Street S., Newton, Iowa 50208.

CITY OF NEWTON, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION

As of and for the year ended June 30, 2016

		Program Receipts	
	Disbursements	Charges for Service	Operating Grants, Contributions, and Restricted Interest
Functions/Programs:			
Governmental activities:			
Public safety	$ 6,573,415	$ 1,152,371	$ 372,020
Public works	3,331,047	888,761	1,933,495
Culture and recreation	2,103,157	252,800	103,462
Community and economic development	1,974,731	47,665	8,663
General government	1,214,456	23,460	24,814
Debt service	3,033,811	---	5,581
Capital projects	4,681,791	--	--
Total governmental activities	22,912,408	2,365,057	2,448,035
Business type activities:			
Sewer	2,514,543	2,581,415	8,298
Landfill	1,333,391	1,686,673	10,563
Golf	507,374	343,840	1,167
Total business type activities	4,355,308	4,611,928	20,028
Total	$ 27,267,716	$ 6,976,985	$ 2,468,063

General Receipts and Transfers:
- Property and other city tax levied for:
  - General purposes
  - Debt service
- Tax increment financing
- Hotel motel tax
- Franchise fees
- Local option sales tax
- Speedway ticket surcharge
- Unrestricted interest on investments
- Proceeds from sale of assets
- Miscellaneous

Transfers
Total general receipts and transfers

Change in cash basis net position

Cash basis net position beginning of year

Cash basis net position end of year

(continued next page)

Program Receipts	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Capital Grants, Contributions, and Restricted Interest	Governmental Activities	Business Type Activities	Total
$ --	$(5,049,024)	$ --	$(5,049,024)
--	(508,791)	--	(508,791)
--	(1,746,895)	--	(1,746,895)
--	(1,918,403)	--	(1,918,403)
--	(1,166,182)	--	(1,166,182)
--	(3,028,230)	--	(3,028,230)
1,102,852	(3,578,939)	--	(3,578,939)
1,102,852	(16,996,464)	--	(16,996,464)
--	--	75,170	75,170
--	--	363,845	363,845
--	--	(162,367)	(162,367)
--	--	276,648	276,648
$ 1,102,852	(16,996,464)	276,648	(16,719,816)
	6,692,811	--	6,692,811
	805,209	--	805,209
	2,508,520	--	2,508,520
	327,202	--	327,202
	109,160	--	109,160
	1,373,521	--	1,373,521
	416,968	--	416,968
	62,627	31,742	94,369
	62,327	150	62,477
	--	204,719	204,719
	349,822	(349,822)	--
	12,708,167	(113,211)	12,594,956
	(4,288,297)	163,437	(4,124,860)
	14,192,391	6,051,840	20,244,231
	$ 9,904,094	$ 6,215,277	$ 16,119,371

CITY OF NEWTON, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION - Continued

As of and for the year ended June 30, 2016

		Program Receipts	
	Disbursements	Charges for Service	Operating Grants, Contributions, and Restricted Interest
Cash Basis Net Position			
Restricted:			
Nonexpendable:			
Cemetery perpetual care			
Permanent endowments			
Expendable:			
Streets			
Urban renewal purposes			
Housing initiative			
Capital projects			
Debt service			
Police department			
Waste reduction			
Closure and postclosure care			
Other purposes			
Unrestricted			
Total cash basis net position			

The accompanying notes are an integral part of these statements.

Program Receipts	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Capital Grants, Contributions, and Restricted Interest	Governmental Activities	Business Type Activities	Total
	$ 270,535	$ --	$ 270,535
	233,320	--	233,320
	392,639	--	392,639
	35,045	--	35,045
	2,379,830	--	2,379,830
	3,962,843	--	3,962,843
	6,380	29,218	35,598
	48,259	--	48,259
	--	109,696	109,696
	--	1,150,166	1,150,166
	400,696	--	400,696
	2,174,547	4,926,197	7,100,744
	$ 9,904,094	$ 6,215,277	$ 16,119,371

CITY OF NEWTON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2016

		Special Revenue	
	General	Road Use Tax	Employee Benefits
Receipts:			
Property tax	$ 3,732,902	$ --	$ 2,523,877
Tax increment financing	--	--	--
Other city tax	261,555	--	161,328
Licenses and permits	341,597	--	--
Use of money and property	85,533	--	--
Intergovernmental	666,412	1,885,078	--
Charges for service	1,817,922	--	--
Special assessments	19,880	--	--
Miscellaneous	298,113	--	112,626
Total receipts	7,223,914	1,885,078	2,797,831
Disbursements:			
Operating:			
Public safety	3,893,449	--	2,258,821
Public works	1,492,379	1,519,696	298,972
Culture and recreation	1,258,497	--	393,016
Community and economic development	620,916	--	115,388
General government	1,047,344	--	167,112
Debt service	--	--	--
Capital projects	--	--	--
Total disbursements	8,312,585	1,519,696	3,233,309
Excess (deficiency) of receipts over (under) disbursements	(1,088,671)	365,382	(435,478)
Other financing sources (uses):			
Proceeds from sale of assets	37,380	--	--
Transfers in	1,241,080	13,994	536,458
Transfers out	(112,000)	(420,710)	--
Total other financing sources (uses)	1,166,460	(406,716)	536,458
Change in cash balances	77,789	(41,334)	100,980
Cash balances beginning of year	2,323,959	433,973	122,644
Cash balances end of year	$ 2,401,748	$ 392,639	$ 223,624

(continued next page)

Special Revenue					
Urban Renewal Tax Increment	Housing Initiative	Debt Service	Capital Projects	Nonmajor	Total
$ --	$ --	$ 756,916	$ --	$ 11,878	$ 7,025,573
2,508,520	--	--	--	--	2,508,520
--	--	48,293	--	1,374,792	1,845,968
--	--	--	--	--	341,597
5,446	13,299	1,894	26,858	--	133,030
--	--	--	1,078,518	--	3,630,008
--	--	--	--	--	1,817,922
--	--	5,581	--	--	25,461
421,446	12	--	24,334	27,352	883,883
2,935,412	13,311	812,684	1,129,710	1,414,022	18,211,962
--	--	--	--	421,145	6,573,415
--	--	--	--	20,000	3,331,047
--	--	--	--	451,644	2,103,157
689,518	501,220	--	--	47,689	1,974,731
--	--	--	--	--	1,214,456
--	--	3,033,811	--	--	3,033,811
--	--	--	4,681,791	--	4,681,791
689,518	501,220	3,033,811	4,681,791	940,478	22,912,408
2,245,894	(487,909)	(2,221,127)	(3,552,081)	473,544	(4,700,446)
--	17,374	--	--	7,573	62,327
--	--	2,139,359	112,000	--	4,042,891
(2,677,401)	(1,414)	--	--	(481,544)	(3,693,069)
(2,677,401)	15,960	2,139,359	112,000	(473,971)	412,149
(431,507)	(471,949)	(81,768)	(3,440,081)	(427)	(4,288,297)
466,552	2,851,779	88,148	7,402,924	502,412	14,192,391
$ 35,045	$ 2,379,830	$ 6,380	$ 3,962,843	$ 501,985	$ 9,904,094

CITY OF NEWTON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS - Continued

As of and for the year ended June 30, 2016

		Special Revenue	
	General	Road Use Tax	Employee Benefits
Cash Basis Fund Balances			
Nonspendable:			
Cemetery perpetual care	$ --	$ --	$ --
Park endowment	--	--	--
Restricted for:			
Streets	--	392,639	--
Urban renewal purpose	--	--	--
Housing initiative	--	--	--
Capital projects	--	--	--
Debt service	--	--	--
Police department	48,259	--	--
Other purposes	177,072	--	223,624
Assigned for:			
Library reserve	17,747	--	--
Demolition reserve	32,890	--	--
Unassigned	2,125,780	--	--
Total cash basis fund balances	$ 2,401,748	$ 392,639	$ 223,624

The accompanying notes are an integral part of these statements.

Special Revenue					
Urban Renewal Tax Increment	Housing Initiative	Debt Service	Capital Projects	Nonmajor	Total
$ --	$ --	$ --	$ --	$ 270,535	$ 270,535
--	--	--	--	233,320	233,320
--	--	--	--	--	392,639
35,045	--	--	--	--	35,045
--	2,379,830	--	--	--	2,379,830
--	--	--	3,962,843	--	3,962,843
--	--	6,380	--	--	6,380
--	--	--	--	--	48,259
--	--	--	--	--	400,696
--	--	--	--	--	17,747
--	--	--	--	--	32,890
--	--	--	--	(1,870)	2,123,910
$ 35,045	$ 2,379,830	$ 6,380	$ 3,962,843	$ 501,985	$ 9,904,094

CITY OF NEWTON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS

As of and for the year ended June 30, 2016

	Enterprise	
	Sewer	Landfill
Operating receipts:		
Charges for service	$ 2,581,415	$ 1,686,673
Miscellaneous	18,270	33,266
Total operating receipts	2,599,685	1,719,939
Operating disbursements:		
Business type activities	1,414,669	648,307
Total operating disbursements	1,414,669	648,307
Excess (deficiency) of operating receipts over (under) operating disbursements	1,185,016	1,071,632
Non-operating receipts (disbursements):		
Interest on investments	7,014	24,728
Intergovernmental	--	32,000
Proceeds from sale of assets	--	150
Debt service	(349,558)	--
Capital projects	(750,316)	(685,084)
Net non-operating receipts (disbursements)	(1,092,860)	(628,206)
Excess (deficiency) of receipts over (under) disbursements	92,156	443,426
Transfers out	(196,853)	(152,911)
Change in cash balances	(104,697)	290,515
Cash balances beginning of year	1,238,004	4,868,109
Cash balances end of year	$ 1,133,307	$ 5,158,624
Cash Basis Fund Balances		
Restricted for:		
Debt service	$ 29,218	$ --
Waste reduction	--	109,696
Closure and postclosure care	--	1,150,166
Unrestricted	1,104,089	3,898,762
Total cash basis fund balances	$ 1,133,307	$ 5,158,624

The accompanying notes are an integral part of these statements.

Enterprise	
Nonmajor-Golf	Total
$ 343,840	$ 4,611,928
141,211	192,747
485,051	4,804,675
475,703	2,538,679
475,703	2,538,679
9,348	2,265,996
--	31,742
--	32,000
--	150
--	(349,558)
(31,671)	(1,467,071)
(31,671)	(1,752,737)
(22,323)	513,259
(58)	(349,822)
(22,381)	163,437
(54,273)	6,051,840
$(76,654)	$ 6,215,277
$ --	$ 29,218
--	109,696
--	1,150,166
(76,654)	4,926,197
$(76,654)	$ 6,215,277

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Newton is a political subdivision of the State of Iowa located in Jasper County. It was first incorporated in 1857 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. In addition to general government activities, the municipality owns and operates enterprises for sewer services, a regional landfill and a golf course.

A. Reporting Entity

For financial reporting purposes, the City of Newton has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

Excluded Component Units
These financial statements present the City of Newton (the primary government). The financial statements do not include financial data for the Newton Municipal Waterworks, Newton Public Library Foundation and Friends of the Newton Public Library, legally separate entities which should be reported as discretely presented component units.

Jointly Governed Organizations
The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Mid-Iowa Narcotics Enforcement, Jasper County Joint E911 Service Board, Jasper County Assessor's Conference Board and Jasper County Emergency Management Commission.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation

Government-wide Financial Statements
The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Funds.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

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

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Housing Initiative Fund is used to account for debt proceeds used to implement the City's housing initiative program.

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

The Capital Projects Fund is utilized to account for the resources used in the acquisition and construction of capital facilities, with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Enterprise, Landfill Fund accounts for the operation and maintenance of the Newton Sanitary Landfill.

C. Measurement Focus and Basis of Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

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

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

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

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

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

Assigned - Amounts the City Council intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

NOTE 3 - BONDS AND NOTES PAYABLE

Annual debt service requirements to maturity for general obligation bonds and notes and revenue notes are as follows:

Year Ending June 30,	General Obligation Notes & Bonds		Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 2,725,000	$ 625,659	$ 268,000	$ 75,342	$ 2,993,000	$ 701,001
2018	2,820,000	436,355	275,000	68,853	3,095,000	505,208
2019	2,720,000	387,380	285,000	62,190	3,005,000	449,570
2020	2,625,000	338,760	294,000	55,277	2,919,000	394,037
2021	2,575,000	290,253	302,000	48,145	2,877,000	338,398
2022 - 2026	10,285,000	617,930	1,194,000	133,923	11,479,000	751,853
2027 - 2030	--	--	288,000	14,100	288,000	14,100
	$ 23,750,000	$2,696,337	$2,906,000	$ 457,830	$ 26,656,000	$3,154,167

Revenue Notes
The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay $2,261,000 of sewer revenue notes issued in April, 2002, $2,561,000 issued in April 2007 and $469,000 issued in January 2010. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes are payable solely from sewer customer net receipts and are payable through 2023, 2027 and 2030, respectively. Annual principal and interest payments on the notes required approximately 29% of net receipts during the year. The total principal and interest remaining to be paid on the notes is $3,363,830. For the current year, principal and interest paid and total customer net receipts were $341,643 and $1,185,016, respectively.

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

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

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

(b) Sufficient monthly transfers shall be made to a sewer revenue note sinking account within the Enterprise, Sewer Fund for the purpose of making the note principal and interest payments when due.

(c) User rates shall be established and charged to customers of the utility, including the City, to produce and maintain net receipts at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

NOTE 4 - PRIOR-YEAR DEFEASANCE OF DEBT

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2016, $2.72 million of bonds outstanding are considered defeased.

NOTE 5 - IPERS PENSION PLAN

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

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

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

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

NOTE 5 - IPERS PENSION PLAN - Continued

Protection occupation members may retire at normal retirement age, which is generally age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

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

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

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% of covered payroll, for a total rate of 14.88%. Protection occupation members contributed 6.56% of covered payroll and the City contributed 9.84% of covered payroll, for a total rate of 16.40%.

NOTE 5 - IPERS PENSION PLAN - Continued

The City's contributions to IPERS for the year ended June 30, 2016 were $354,989.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of $3,309,425 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the City's proportion was 0.066986%, which was a decrease of 0.001117% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016 the City collective pension expense, collective deferred outflows and collective deferred inflows totaled $281,257, $642,850 and $781,377 respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00% to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

NOTE 5 - IPERS PENSION PLAN - Continued

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% (8.5%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	$ 5,822,900	$ 3,309,425	$ 1,187,908

NOTE 5 - IPERS PENSION PLAN - Continued

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

NOTE 6 - MFPRSI PENSION PLAN

Plan Description - Municipal Fire and Police Retirement System of Iowa (MFPRSI) membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City of Newton are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at www.mfprsi.org.

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen, plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

NOTE 6 - MFPRSI PENSION PLAN - Continued

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. When electing to participate in DROP, the member signs a contract stating the member will retire at the end of the selected DROP period. During the DROP period, the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability benefits may be either accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation for those with 5 or more years of service or the member's service retirement benefit calculation amount, and 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased annually in accordance with Chapter 411.6 of the Code of Iowa, which provides a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a $100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2016.

NOTE 6 - MFPRSI PENSION PLAN - Continued

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 27.77% for the year ended June 30, 2016.

The City's contributions to MFPRSI for the year ended June 30, 2016 was $801,126.

If approved by the State Legislature, state appropriation may further reduce the City's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa, therefore, is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans.

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2016.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of $5,125,407 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2015, the City's proportion was 1.090944% which was an increase of 0.025688% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled $475,805, $1,390,081, and $1,402,988 respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	3.00%
Salary increases	4.50% to 15.00%, including inflation
Investment rate of return	7.50%, net of investment expense, including inflation

NOTE 6 - MFPRSI PENSION PLAN - Continued

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 1/12 of the 1971 GAM table and 11/12 of the 1994 GAB table with no projection of future mortality improvement.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return
Core Plus Fixed Income	7.0%		3.8%
Emerging Markets Debt	3.0		6.5
Domestic Equities	12.5		6.0
Master Limited Partnerships (MLP)	5.0		8.5
International Equities	12.5		7.0
Core Investments		40.0%	
Tactical Asset Allocation		35.0	6.0
Private Equity		15.0	9.8
Private Non-Core Real Estate	5.0		9.3
Private Core Real Estate	5.0		6.8
Real Estate		10.0	
Total		100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on MFPRSI's investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6 - MFPRSI PENSION PLAN - Continued

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net pension liability	$ 8,923,490	$ 5,125,409	$ 1,969,649

MFPRSI's Fiduciary Net Position - Detailed information about MFPRSI's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at www.mfprsi.org.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees, and their spouses. There are 103 active and 8 retired members in the plan. Participants must be age 55 or older at retirement.

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

The City also provides single health plan coverage for a disabled police officer.

Funding Policy: The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members range from $600 to $1,228 for single coverage and $1,135 to $1,840 for family coverage. For the year ended June 30, 2016, the City contributed $1,897,544 and plan members eligible for benefits contributed $147,251 to the plan.

NOTE 8 - COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensatory time and vacation payable to employees at June 30, 2016, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	$ 736,000
Compensatory time	25,000
Total	$ 761,000

This liability has been computed based on rates of pay in effect at June 30, 2016.

NOTE 9 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Road Use Tax	$ 420,710
	Urban Renewal Tax Increment	482,316
	Housing Initiative	1,414
	Self Supported Municipal Improvement District	509
	Enterprise:	
	Sewer	185,326
	Landfill	150,805
		1,241,080
Special Revenue: Road Use Tax	Special Revenue:	
	Self Supported Municipal Improvement District	303
	Enterprise:	
	Sewer	11,527
	Landfill	2,106
	Golf	58
		13,994
Special Revenue: Employee Benefits	Special Revenue:	
	Local Option Sales Tax	480,732
	Urban Renewal Tax Increment	55,726
		536,458
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	2,139,359
Capital Projects	General	112,000
Total		$ 4,042,891

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

NOTE 10 - CLOSURE AND POSTCLOSURE CARE AND FINANCIAL ASSURANCE

To comply with federal and state regulations, the City is required to complete a monitoring system plan and a closure/postclosure plan to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills which receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that year. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually due to the potential for changes due to inflation or deflation, technology or applicable laws or regulations.

These costs for the City have been estimated at $4,308,680 for closure and $1,635,000 for postclosure, for a total of $5,943,680 as of June 30, 2016. The estimated remaining life of the landfill is 139 years, with approximately 35% of the landfill's capacity used at June 30, 2016.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The City has begun to accumulate resources to fund these costs and, at June 30, 2016, assets of $1,150,166 are restricted for these purposes. They are reported as restricted cash basis fund balance in the Enterprise, Landfill fund in the Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Proprietary Funds.

Also, pursuant to Chapter 567-113.14 of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the City is required to demonstrate financial assurance for the unfunded costs. The City has adopted the local government financial test financial assurance mechanism. Under this mechanism, the City must certify the following to the Iowa Department of Natural Resources the City has met the requirements outlined in Chapter 567-113.14(6)(f) of the IAC.

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

NOTE 11 - SOLID WASTE TONNAGE FEES RETAINED

The City has established an account for restricting and using solid waste tonnage fees retained by the City in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2016, the City had unspent tonnage fees of $109,696.

NOTE 12 - RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

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

The City's property and casualty contributions to the 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, 2016 were $175,853.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location. Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

NOTE 12 - RISK MANAGEMENT - Continued

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation and for the Newton Municipal Airport for liability insurance in the amount of $1,000,000 and $5,000,000, respectively. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 13 - DEVELOPMENT AGREEMENTS

The City has entered into various development agreements to assist in certain urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer and make economic development grant payments in exchange for the construction of buildings and certain improvements by the developers. Certain agreements also require the developer to certify specific employment requirements are met.

The total amount rebated during the year ended June 30, 2016 was $519,519. The estimated outstanding balance of the agreements at June 30, 2016 is $907,465.

These agreements are not a general obligation of the City. However, the agreements are subject to the constitutional debt limitation of the City, except for the amounts which require an annual appropriation by the City Council. The amount of the development agreements subject to the constitutional debt limit at June 30, 2016 is $ - 0 - .

NOTE 14 - CONSTRUCTION COMMITMENTS

The City has entered into construction contracts totaling approximately $8,839,000 for street, sidewalk, trail, airport, sanitary sewer, landfill and sewer improvements. As of June 30, 2016, approximately $3,678,000 had been paid on the contracts. The remaining $5,161,000 will be paid from existing funds as work on the projects progresses.

NOTE 15 - DEFICIT BALANCES

The City had deficit balances at June 30, 2016, as follows:

Fund	Amount
Special Revenue:	
Highway 14/5 12 Ave. W Tax Increment Financing	$ 34,148
North Central Tax Increment Financing	164,358
Hometown Rewards	5,664
Enterprise:	
Golf	76,654

The deficit balances are the result of costs incurred prior to availability of funds. The deficit balance in the Special Revenue, Hometown Rewards Fund will be eliminated through future miscellaneous revenues. The deficit in the Enterprise, Golf Fund will be eliminated through future receipts. The deficits in the Special Revenue, Highway 14/5 12 Avenue Tax Increment Financing and North Central Tax Increment Financing funds will be eliminated through future tax increment financing collections.

NOTE 16 - SUBSEQUENT EVENTS

The City has evaluated all subsequent events through February 20, 2017, the date the financial statements were available to be issued.

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OTHER INFORMATION

CITY OF NEWTON, IOWA
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL
FUNDS AND PROPRIETRY FUNDS
OTHER INFORMATION

Year ended June 30, 2016

	Cash Basis		(Unaudited) GAAP Basis Component Unit
	Governmental Funds Actual	Proprietary Funds Actual	Newton Municipal Waterworks Actual
Receipts:			
Property tax	$ 7,025,573	$ --	$ --
Tax increment financing	2,508,520	--	--
Other city tax	1,845,968	--	--
Licenses and permits	341,597	--	--
Use of money and property	133,030	31,892	--
Intergovernmental	3,630,008	32,000	--
Charges for service	1,817,922	4,611,928	2,812,592
Special assessments	25,461	--	--
Miscellaneous	883,883	192,747	165,950
Total receipts	18,211,962	4,868,567	2,978,542
Disbursements:			
Public safety	6,573,415	--	--
Public works	3,331,047	--	--
Culture and recreation	2,103,157	--	--
Community and economic development	1,974,731	--	--
General government	1,214,456	--	--
Debt service	3,033,811	--	--
Capital projects	4,681,791	--	--
Business type activities	--	4,355,308	2,763,408
Total disbursements	22,912,408	4,355,308	2,763,408
Excess (deficiency) of receipts over (under) disbursements	(4,700,446)	513,259	215,134
Other financing sources (uses), net	412,149	(349,822)	--
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(4,288,297)	163,437	215,134
Balances beginning of year	14,192,391	6,051,840	4,852,489
Balances end of year	$ 9,904,094	$ 6,215,277	$ 5,067,623

See accompanying independent auditor's report.

Total	Budgeted Amounts Original	Budgeted Amounts Final	Final to Total Variance
$ 7,025,573	$ 7,063,075	$ 7,063,075	$(37,502)
2,508,520	2,312,460	2,312,460	196,060
1,845,968	1,821,099	1,821,099	24,869
341,597	341,450	341,450	147
164,922	164,275	164,275	647
3,662,008	4,582,146	4,782,146	(1,120,138)
9,242,442	45,076,980	9,221,350	21,092
25,461	40,000	40,000	(14,539)
1,242,580	592,723	592,723	649,857
26,059,071	61,994,208	26,338,578	(279,507)
6,573,415	6,677,051	6,843,051	269,636
3,331,047	3,221,034	3,356,034	24,987
2,103,157	2,129,252	2,171,052	67,895
1,974,731	2,702,604	3,099,104	1,124,373
1,214,456	1,326,238	1,338,238	123,782
3,033,811	2,656,817	3,046,817	13,006
4,681,791	6,559,500	6,559,500	1,877,709
7,118,716	44,697,291	8,697,291	1,578,575
30,031,124	69,969,787	35,111,087	5,079,963
(3,972,053)	(7,975,579)	(8,772,509)	4,800,456
62,327	4,596,700	4,596,700	(4,534,373)
(3,909,726)	(3,378,879)	(4,175,809)	266,083
25,096,720	16,288,999	25,096,720	--
$ 21,186,994	$ 12,910,120	$ 20,920,911	$ 266,083

CITY OF NEWTON, IOWA
NOTES TO OTHER INFORMATION -
BUDGETARY REPORTING

June 30, 2016

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis, except as noted below, following required public notice and hearing for all funds. The City's budget includes the Newton Municipal Waterworks, a component unit, not included in the City's financial statements because it uses a financial reporting framework which differs from the framework used by the City. Newton Municipal Waterworks budgets on the GAAP basis. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements/expenses known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements/expenses required to be budgeted include disbursements/expenses for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Permanent Funds, and Enterprise Funds. Although the budget document presents function disbursements/expenses by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment decreased budgeted disbursements/expenses by $34,858,700. The budget amendments are reflected in the final budgeted amounts.

CITY OF NEWTON, IOWA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TWO YEARS*

OTHER INFORMATION

	2016	2015
City's proportion of the net pension liability	0.066986%	0.068103%
City's proportionate share of the net pension liability	$ 3,309,000	$ 2,195,000
City's covered-employee payroll:	$ 3,790,000	$ 3,606,000
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.31%	60.87%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Note: Amounts are rounded.

See accompanying independent auditor's report.

CITY OF NEWTON, IOWA

SCHEDULE OF CITY CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

OTHER INFORMATION

	2016	2015	2014	2013
Statutorily required contribution	$ 355,000	$ 339,000	$ 322,000	$ 305,000
Contributions in relation to the statutorily required contribution	(355,000)	(339,000)	(322,000)	(305,000)
Contribution deficiency (excess)	$ --	$ --	$ --	$ --
City's covered-employee payroll	$ 3,968,000	$ 3,790,000	$ 3,606,000	$ 3,520,000
Contributions as a percentage of covered-employee payroll	8.95%	8.93%	8.93%	8.67%

Note: Amounts are rounded.

See accompanying independent auditor's report.

2012	2011	2010	2009	2008	2007
$ 280,000	$ 237,000	$ 223,000	$ 212,000	$ 204,000	$ 182,000
(280,000)	(237,000)	(223,000)	(212,000)	(204,000)	(182,000)
$ --	$ --	$ --	$ --	$ --	$ --
$ 3,470,000	$ 3,410,000	$ 3,360,000	$ 3,338,000	$ 3,370,000	$ 3,164,000
8.07%	6.95%	6.65%	6.35%	6.05%	5.75%

CITY OF NEWTON, IOWA

NOTES TO OTHER INFORMATION - PENSION LIABILITY

YEAR ENDED JUNE 30, 2016

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups - emergency medical service providers, county jailers, county attorney investigators and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

* * *

See accompanying independent auditor's report.

CITY OF NEWTON, IOWA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
FOR THE LAST TWO YEARS*

OTHER INFORMATION

	2016	2015
City's proportion of the net pension liability	1.090944%	1.065256%
City's proportionate share of the net pension liability	$ 5,125,000	$ 3,862,000
City's covered-employee payroll:	$ 2,861,000	$ 2,815,000
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	179.13%	137.19%
Plan fiduciary net position as a percentage of the total pension liability	83.04%	86.27%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Note: Amounts are rounded.

See accompanying independent auditor's report.

CITY OF NEWTON, IOWA

SCHEDULE OF CITY CONTRIBUTIONS

MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST 10 FISCAL YEARS

OTHER INFORMATION

	2016	2015	2014	2013
Statutorily required contribution	$ 801,000	$ 870,000	$ 848,000	$ 738,000
Contributions in relation to the statutorily required contribution	(801,000)	(870,000)	(848,000)	(738,000)
Contribution deficiency (excess)	$ --	$ --	$ --	$ --
City's covered-employee payroll	$ 2,885,000	$ 2,861,000	$ 2,815,000	$ 2,825,000
Contributions as a percentage of covered-employee payroll	27.76%	30.41%	30.12%	26.12%

Note: Amounts are rounded.

See accompanying independent auditor's report.

2012	2011	2010	2009	2008	2007
$ 700,000	$ 511,000	$ 444,000	$ 520,000	$ 648,000	$ 706,000
(700,000)	(511,000)	(444,000)	(520,000)	(648,000)	(706,000)
$ --	$ --	$ --	$ --	$ --	$ --
$ 2,827,000	$ 2,570,000	$ 2,612,000	$ 2,775,000	$ 2,545,000	$ 2,544,000
24.76%	19.90%	17.00%	18.75%	25.48%	27.75%

CITY OF NEWTON, IOWA

NOTES TO OTHER INFORMATION - PENSION LIABILITY

YEAR ENDED JUNE 30, 2016

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

One additional step was taken to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The one additional step results in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

CITY OF NEWTON, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2016

	Special Revenue		
	Local Option Sales Tax	Self Supported Municipal Improvement District	Hometown Rewards
Receipts:			
Property tax	$ --	$ 11,878	$ --
Other City tax	1,373,521	1,271	--
Miscellaneous	--	2,010	25,342
Total receipts	1,373,521	15,159	25,342
Disbursements:			
Operating:			
Public safety	421,145	--	--
Public works	20,000	--	--
Culture and recreation	451,644	--	--
Community and economic development	--	9,584	38,105
Total disbursements	892,789	9,584	38,105
Excess (deficiency) of receipts over (under) disbursements	480,732	5,575	(12,763)
Other financing sources (uses):			
Proceeds from sale of assets	--	--	--
Transfers out	(480,732)	(812)	--
Total other financing sources (uses)	(480,732)	(812)	--
Net change in cash balances	--	4,763	(12,763)
Cash balances beginning of year	--	(969)	7,099
Cash balances end of year	$ --	$ 3,794	$(5,664)

(continued next page)

Permanent		
Cemetery Perpetual Care	Fred Maytag Park Endowment	Total
$ --	$ --	$ 11,878
--	--	1,374,792
--	--	27,352
--	--	1,414,022
--	--	421,145
--	--	20,000
--	--	451,644
--	--	47,689
--	--	940,478
--	--	473,544
7,573	--	7,573
--	--	(481,544)
7,573	--	(473,971)
7,573	--	(427)
262,962	233,320	502,412
$ 270,535	$ 233,320	$ 501,985

CITY OF NEWTON, IOWA
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - Continued

As of and for the year ended June 30, 2016

	Special Revenue		
	Local Option Sales Tax	Self Supported Municipal Improvement District	Hometown Rewards
Cash Basis Fund Balances			
Nonspendable:			
Cemetery perpetual care	$ --	$ --	$ --
Park endowment	--	--	--
Unassigned	--	3,794	(5,664)
Total cash basis fund balances	$ --	$ 3,794	$(5,664)

See accompanying independent auditor's report.

Permanent		
Cemetery Perpetual Care	Fred Maytag Park Endowment	Total
$ 270,535	$ --	$ 270,535
--	233,320	233,320
--	--	(1,870)
$ 270,535	$ 233,320	$ 501,985

CITY OF NEWTON, IOWA
SCHEDULE OF INDEBTEDNESS
Year ended June 30, 2016

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Notes and Bonds:			
2009B G.O. Urban Renewal Refunding Bonds	August 25, 2009	1.25 - 5.15%	$ 6,300,000
2010A G.O. Urban Renewal Refunding Bonds	December 30, 2010	0.75 - 2.60%	3,095,000
2012 G.O. Corporate Refunding Bonds	June 27, 2012	1.00 - 2.25%	9,385,000
2014A G.O. Urban Renewal Bonds	June 18, 2014	2.00 - 2.90%	4,330,000
2014B G.O. Urban Renewal Bonds	June 18, 2014	2.00 - 2.15%	2,525,000
2015A G.O. Urban Renewal Bonds	June 30, 2015	2.00 - 2.95%	4,790,000
2015B G.O. Urban Renewal Bonds	June 30, 2015	2.00 - 3.00%	4,705,000
Total General Obligation Notes and Bonds			
Revenue Notes:			
2002 Sewer Revenue Capital Loan	April 3, 2002	1.75%	2,261,000
2007 Sewer Revenue Capital Loan	April 5, 2007	3.00%	2,561,000
2010 Sewer Revenue Capital Loan	January 13, 2010	3.00%	548,000
Total Revenue Notes			

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
$ 600,000	$ --	$ 295,000	$ 305,000	$ 161,199	$ 12,425
1,140,000	--	450,000	690,000	23,400	1,294
8,580,000	--	810,000	7,770,000	134,190	10,507
4,005,000	--	495,000	3,510,000	87,175	6,440
2,370,000	--	150,000	2,220,000	48,352	3,779
4,790,000	--	80,000	4,710,000	40,882	9,294
4,705,000	--	160,000	4,545,000	95,611	8,399
$26,190,000	$ --	$2,440,000	$ 23,750,000	$ 590,809	$ 52,138
$ 1,067,000	$ --	$ 120,000	$ 947,000	$ 18,673	$ 1,381
1,721,000	--	120,000	1,601,000	51,630	4,003
378,000	--	20,000	358,000	11,340	895
$ 3,166,000	$ --	$ 260,000	$ 2,906,000	$ 81,643	$ 6,279

CITY OF NEWTON, IOWA
BOND AND NOTE MATURITIES
June 30, 2016

Year ending June 30,	General Obligation Bonds and Notes					
	2009B Urban Renewal Refunding Bonds		2010A Urban Renewal Refunding Bonds		2012 Corporate Refunding Bonds	
	Issued August 25, 2009		Issued December 30, 2010		Issued June 27, 2012	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2017	4.30%	$ 305,000	2.00%	$ 265,000	1.00%	$ 820,000
2018		--	2.30%	275,000	1.00%	825,000
2019		--	2.60%	150,000	1.20%	835,000
2020		--		--	1.45%	845,000
2021		--		--	1.65%	860,000
2022		--		--	1.80%	870,000
2023		--		--	2.00%	885,000
2024		--		--	2.10%	905,000
2025		--		--	2.25%	925,000
2026		--		--		--
		$ 305,000		$ 690,000		$7,770,000

Year ending June 30,	Sewer Revenue Notes			
	2002 Sewer Revenue Capital Loan Note		2007 Sewer Revenue Capital Loan Note	
	Issued April 3, 2002		Issued April 5, 2007	
	Interest Rates	Amount	Interest Rates	Amount
2017	3.00%	$ 124,000	3.00%	$ 123,000
2018	3.00%	127,000	3.00%	127,000
2019	3.00%	131,000	3.00%	132,000
2020	3.00%	135,000	3.00%	136,000
2021	3.00%	139,000	3.00%	140,000
2022	3.00%	143,000	3.00%	145,000
2023	3.00%	148,000	3.00%	150,000
2024		--	3.00%	154,000
2025		--	3.00%	159,000
2026		--	3.00%	165,000
2027		--	3.00%	170,000
2028		--		--
2029		--		--
2030		--		--
		$ 947,000		$1,601,000

General Obligation Bonds and Notes

2014A Urban Renewal Bonds Issued June 18, 2014		2014B Urban Renewal Bonds Issued June 18, 2014		2015A Urban Renewal Bonds Issued June 30, 2015		2015B Urban Renewal Bonds Issued June 30, 2015		
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
2.00%	$ 555,000	2.00%	$ 275,000	2.00%	$ 190,000	2.00%	$ 315,000	$ 2,725,000
2.00%	585,000	2.00%	255,000	2.00%	555,000	2.00%	325,000	2,820,000
2.00%	655,000	2.00%	150,000	2.00%	535,000	2.00%	395,000	2,720,000
2.10%	655,000	2.00%	155,000	2.00%	540,000	2.00%	430,000	2,625,000
2.45%	480,000	2.00%	165,000	2.20%	550,000	2.00%	520,000	2,575,000
2.70%	480,000	2.00%	175,000	2.40%	565,000	3.00%	490,000	2,580,000
2.90%	100,000	2.00%	410,000	2.60%	575,000	2.00%	590,000	2,560,000
	--	2.15%	635,000	2.80%	590,000	2.25%	335,000	2,465,000
	--		--	2.95%	610,000	2.25%	630,000	2,165,000
	--		--		--	2.50%	515,000	515,000
	$3,510,000		$2,220,000		$4,710,000		$4,545,000	$ 23,750,000

Sewer Revenue Notes

2010 Sewer Revenue Capital Loan Note Issued January 13, 2010		
Interest Rates	Amount	Total
3.00%	$ 21,000	$ 268,000
3.00%	21,000	275,000
3.00%	22,000	285,000
3.00%	23,000	294,000
3.00%	23,000	302,000
3.00%	24,000	312,000
3.00%	25,000	323,000
3.00%	26,000	180,000
3.00%	27,000	186,000
3.00%	28,000	193,000
3.00%	28,000	198,000
3.00%	29,000	29,000
3.00%	30,000	30,000
3.00%	31,000	31,000
	$ 358,000	$ 2,906,000

CITY OF NEWTON, IOWA
SCHEDULE OF RECEIPTS BY SOURCE AND
DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS
For the Last Ten Years

	2016	2015	2014	2013
Receipts:				
Property tax	$ 7,025,573	$ 6,917,971	$ 6,793,884	$ 6,646,452
Tax increment financing	2,508,520	2,444,811	2,717,402	2,560,585
Other city tax	1,845,968	341,759	1,746,337	1,604,454
Licenses and permits	341,597	323,716	299,981	307,552
Use of money and property	133,030	123,333	113,561	116,361
Intergovernmental	3,630,008	3,686,731	2,441,344	2,440,079
Charges for service	1,817,922	1,730,308	1,828,431	1,845,139
Special assessments	25,461	18,911	22,316	22,014
Miscellaneous	883,883	873,919	727,280	594,484
Total	$ 18,211,962	$ 16,461,459	$ 16,690,536	$ 16,137,120
Disbursements:				
Operating:				
Public safety	$ 6,573,415	$ 6,618,231	$ 6,429,196	$ 6,353,118
Public works	3,331,047	3,063,416	2,728,791	2,707,209
Health and social services	--	--	--	--
Culture and recreation	2,103,157	1,975,189	1,994,009	1,875,748
Community and economic development	1,974,731	2,604,430	1,417,245	2,421,712
General government	1,214,456	1,279,714	1,203,719	1,112,059
Debt service	3,033,811	2,729,522	4,006,361	2,137,456
Capital projects	4,681,791	1,564,457	520,188	297,887
Total	$ 22,912,408	$ 19,834,959	$ 18,299,509	$ 16,905,189

See accompanying independent auditor's report.

2012	2011	2010	2009	2008	2007
$ 6,495,477	$ 6,293,597	$ 5,951,760	$ 5,493,609	$ 5,984,330	$ 7,230,696
2,909,173	1,347,281	2,242,523	1,891,542	2,036,141	1,860,065
1,707,571	1,703,058	1,657,637	1,655,392	1,675,923	285,958
275,515	155,019	157,553	159,900	190,304	205,956
93,264	109,517	112,136	177,015	280,094	346,163
2,367,894	4,103,067	2,817,356	4,504,063	4,908,820	6,171,243
1,797,054	2,112,552	2,240,062	2,223,544	2,036,389	1,957,417
18,308	23,864	22,407	24,383	45,262	77,206
596,567	1,177,272	879,158	609,260	1,040,044	497,221
$ 16,260,823	$ 17,025,227	$ 16,080,592	$ 16,738,708	$ 18,197,307	$ 18,631,925
$ 5,717,661	$ 5,410,336	$ 5,093,366	$ 5,284,662	$ 5,134,641	$ 5,168,187
2,558,601	2,409,348	2,415,994	2,523,491	2,544,558	2,186,286
153,374	12,083	267,944	12,032	12,464	12,898
1,917,021	1,960,709	1,689,233	1,774,050	1,723,088	1,544,680
2,405,218	737,015	4,462,506	3,931,121	3,451,583	8,344,843
1,102,944	1,553,181	1,135,415	1,190,467	1,268,716	1,136,829
2,357,739	5,914,670	2,190,835	2,161,937	2,711,173	3,025,150
810,310	3,620,110	3,864,984	786,856	430,141	546,850
$ 17,022,868	$ 21,617,452	$ 21,120,277	$ 17,664,616	$ 17,276,364	$ 21,965,723

CITY OF NEWTON, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2016

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Transportation:			
Federal Aviation Administration			
Airport Improvement Program	20.106	3-19-0065-014-2015	$ 311,732
U.S. Department of Homeland Security:			
Federal Emergency Management Agency:			
Assistance to Firefighters Grant	97.044	EMW-2013-FO-03389	57,196
Total direct			368,928
Indirect:			
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	STP-U-5482(617)-70-50	919,586
Highway Planning and Construction	20.205	BROS-5482(616)-8J-50	10,893
Highway Planning and Construction	20.205	STP-E-5482(618)-8V-50	2,366
			932,845
Iowa Department of Transportation:			
Airport Improvement Program	20.106	91150TNU100	54,524
Iowa Department of Public Safety:			
State and Community Highway Safety Grant	20.600	PAP 16-402-MOPT, Task 17-00-00	5,093

(continued next page)

CITY OF NEWTON, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - continued

Year ended June 30, 2016

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Justice:			
Polk County Sheriff's Office:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	13-JAG-110907	55,742
Total indirect			1,048,204
			$ 1,417,132

Basis of Presentation -The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the City of Newton under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Newton, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Newton.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Newton has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

COMPLIANCE SECTION

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

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

To the Honorable Mayor and
Members of the City Council

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Newton, Iowa, as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 20, 2017. Our report expressed adverse and unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Newton's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Newton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Newton's internal control.

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

To the Honorable Mayor and
Members of the City Council

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 16-II-A.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Responses to Findings

The City of Newton's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Newton's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Grasewald, Ben, Kyhnn & Co. P.C.

Atlantic, Iowa
February 20, 2017

Gronewold, Bell, Kyhnn & Co. P.C.
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Mayor and
Members of the City Council

Report on Compliance for Each Major Federal Program

We have audited the City of Newton, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City of Newton's major federal program for the year ended June 30, 2016. The City of Newton's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Newton's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 of Newton's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Newton's compliance.

To the Honorable Mayor and
Members of the City Council

Opinion on Each Major Federal Program

In our opinion, the City of Newton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

The management of the City of Newton is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Newton's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Newton's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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

Omewold, Ben, Kyhnn & Co. P.C.

Atlantic, Iowa
February 20, 2017

CITY OF NEWTON, IOWA

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

PART I: Summary of the Independent Auditor's Results

Financial Statements

(a) Type of auditor's report issued:
- Adverse and unmodified 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) Internal control over financial reporting:

• Material weakness(es) identified?	____	yes	X	no
• Significant deficiency(ies) identified?	X	yes	____	none reported

(c) Noncompliance material to financial statements noted? ____ yes X no

Federal Awards

(d) Internal control over major program:

• Material weakness(es) identified?	____	yes	X	no
• Significant deficiency(ies) identified?	____	yes	X	none reported

(e) Type of auditor's report issued on compliance for major program:
- Unmodified.

(f) Any audit findings disclosed that are required to be reported in accordance with Section 200.515 of the Uniform Guidance? ____ yes X no

(g) Identification of major program:

- CFDA Number 20.205 - Highway Planning and Construction

(h) Dollar threshold used to distinguish between Type A and Type B programs: $750,000.

(i) Auditee qualified as low-risk auditee? ____ yes X no

CITY OF NEWTON, IOWA

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

PART II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

16-II-A Segregation of Duties: One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. However, because there are a limited number of people that have the primary responsibility for the accounting and financial duties, those aspects of internal accounting control which rely upon an adequate segregation of duties are missing in the City.

Recommendation: We recommend that the City review its control procedures to obtain the maximum internal control possible under the circumstances and the Council be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: We will continue work in this area to increase segregation of duties.

Conclusion: Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

* * *

CITY OF NEWTON, IOWA

Schedule of Findings and Questioned Costs

Year ended June 30, 2016

PART III: Findings and Questioned Costs For Federal Awards

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 20.205: Highway Planning and Construction
Contract Numbers: STP-U-5482(617)-70-50
Federal Award Year: 2013
U.S. Department of Transportation

CFDA Number 20.205: Highway Planning and Construction
Contract Numbers: BROS-5482(616)-8J-50
Federal Award Year: 2013
U.S. Department of Transportation

CFDA Number 20.205: Highway Planning and Construction
Contract Numbers: STP-E-5482(618)-8V-50
Federal Award Year: 2014
U.S. Department of Transportation

No matters were noted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

PART IV: Other Findings Related to Statutory Reporting

16-IV-A Certified Budget: Disbursements during the year ended June 30, 2016 did not exceed the amounts budgeted.

16-IV-B Questionable Disbursements: During the audit, we did not note any disbursements that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

16-IV-C Travel Expense: No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

16-IV-D Business Transactions: In accordance with Chapter 362.5(10) of the Code of Iowa, no transactions between the City and the City officials and City employees were noted that represented conflicts of interest.

16-IV-E 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.

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

PART IV: Other Findings Related to Statutory Reporting - Continued

16-IV-G Deposits and Investments: We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa.

16-IV-H Revenue Bonds and Notes: No instances of non-compliance with the revenue bond and note resolutions were noted.

16-IV-I Urban Renewal Annual Report: The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

16-IV-J Solid Waste Fees Retainage: No instances of non-compliance with the solid waste fees used in accordance with the provisions of Chapter 455B.310 of the Code of Iowa were noted.

16-IV-K Financial Assurance: The City has met the closure and postclosure care financial assurance requirements issued by the Iowa Department of Natural Resources by complying with the local government financial test as specified in Iowa Administrative Code Chapter 567-113.14(6)(f).

16-IV-L Financial Condition: The City had deficit balances in the following funds at June 30, 2016:

Special Revenue:		
Hometown Rewards	$	5,664
Highway 14/5 12 Ave. W Tax Increment Financing		34,148
North Central Tax Increment Financing		164,358
Enterprise:		
Golf		76,654

Recommendation: The City should investigate alternatives to eliminate these deficits to return these funds to a sound financial position.

Response: The City will continue to monitor funds with a deficit balance and develop strategies to return these funds to a sound financial position.

Conclusion: Response accepted.

* * *

STATISTICAL SECTION

Table 1

CITY OF NEWTON
TAX INCREMENT FINANCING FUND - SCHEDULE OF CASH RECEIPTS DISBURSEMENTS AND CASH BALANCE
INCEPTION TO JUNE 30, 2016

Operating Receipts	
Bond Proceeds	31,724,268
Interest on Investments	189,398
sale of Property	1,195,701
Property Taxes	33,779,850
Intergovernmental	10,970,834
Miscellaneous	2,255,300
	80,115,351
Operating Disbursements	
Property acquisition and improvement	9,694,844
Property demolition	966,390
Economic Development grants	20,153,048
Legal and administrative	1,474,644
Property Taxes	97,338
Relocation	47,050
Conctractual Services	5,000
Operating Supplies	15,139
Structures	62,756
Refunds	4,790,765
Revenue bond principal	5,074,852
Revenue Bond interest	896,194
Street Improvements	1,242,670
City Hall site improvements	550,127
Private Development improvements	462,406
Skiff Medical Center	280,000
Manufactured Gas Plant	3,253
Lighting and landscaping	431,730
Storage yard	578,063
Payment to other agencies	610,369
	47,436,638
Operating receipts over operating disbursements	32,678,713
Other transactions:	
Transfer to Debt Service Fund - bond interest	(28,418,312)
Transfer to General Fund - economic development	(4,427,483)
Transfer to Central Business District	(2,500)
Transfer to Employee Benefits Fund	(214,748)
Tranfer to Capital Projects Fund	(909,709)
Transfer to Sewer Fund	(547,555)
Interfund Loan	1,876,639
Cash and investment balance at June 30, 2016	35,045

Note: During the fiscal year 1988, the City established a tax increment financing district to generate revenues to assist the City in funding responsibility for an urban renewal plan. Under the urban renewal plan, the City purchases properites located within the district to be demolished for development. The City issued bonds to initially fund this plan, which will be retired from fund revenues through transfers to the Debt Service Fund.

Table 2

CITY OF NEWTON
COMPARISON OF ENTERPRISE FUNDS CHARGES FOR
SERVICES RECEIPTS

Year Ended June 30	Sewer	Landfill	Golf	Parking
2007	2,173,973	1,050,974	327,866	75,824
2008	2,144,742	1,257,373	396,034	67,195
2009	1,955,306	1,310,509	485,479	-
2010	1,792,379	1,443,700	482,920	-
2011	1,777,277	1,333,719	407,474	-
2012	2,074,418	1,314,130	353,937	-
2013	2,546,212	1,516,748	305,269	-
2014	2,556,779	1,465,029	359,853	-
2015	2,648,707	1,596,609	324,160	-
2016	2,581,415	1,686,673	343,840	-

CITY OF NEWTON
COMPARATIVE TOTAL AND PER CAPITA FUNCTION DISBURSEMENTS

Year Ended	Poplulation	Public Safety Disbursements		Public Works Disbursements		Health and Social Sevices Disbursements		Culture & Recreation Disbursements		Community and Economic Development Disbursements	
June 30	Per Census	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
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
2012	15,254**	$ 5,717,661	$ 374.83	$ 2,558,601	$ 167.73	$ 153,374	$ 10.05	$ 1,917,021	$ 125.67	$ 2,405,218	$ 157.68
2013	15,254**	$ 6,353,118	$ 416.49	$ 2,707,209	$ 177.48	$ -	$ -	$ 1,875,748	$ 122.97	$ 2,421,712	$ 158.76
2014	15,254**	$ 6,429,196	$ 421.48	$ 2,728,791	$ 178.89	$ -	$ -	$ 1,994,009	$ 130.72	$ 1,417,245	$ 92.91
2015	15,254**	$ 6,618,231	$ 433.87	$ 3,063,416	$ 200.83	$ -	$ -	$ 1,975,189	$ 129.49	$ 2,604,430	$ 170.74
2016	15,254**	$ 6,573,415	$ 430.93	$ 3,331,047	$ 218.37	$ -	$ -	$ 2,103,157	$ 137.88	$ 1,974,731	$ 129.46

* 2000 census figures

**2010 census figures

Note: Beginning in 2011 fiscal year the City began reporting the Skiff Medical Center as an Enterprise Fund.

See accompanying independent auditor's report.

Table 3

General Government Disbursements		Debt Service Disbursements		Capital Projects Disbursements		Business Type Activities Disbursements		Total Disbursements	
Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
$ 1,147,004	$ 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
1,102,944	$ 72.31	$ 2,357,739	$ 154.57	$ 810,310	$ 53.12	$ 39,634,526	$ 2,598.30	$ 56,657,394	$ 3,714.26
1,112,059	$ 72.90	$ 2,137,456	$ 140.12	$ 297,887	$ 19.53	$ 3,760,471	$ 246.52	$ 20,665,660	$ 1,354.77
$ 1,203,719	$ 78.91	$ 4,006,361	$ 262.64	$ 520,188	$ 34.10	$ 3,188,334	$ 209.02	$ 21,487,843	$ 1,408.67
$ 1,279,714	$ 83.89	$ 2,729,522	$ 178.94	$ 1,564,457	$ 102.56	$ 3,063,934	$ 200.86	$ 22,898,893	$ 1,501.17
$ 1,214,456	$ 79.62	$ 3,033,811	$ 198.89	$ 4,681,791	$ 306.92	$ 4,355,308	$ 285.52	$ 27,267,716	$ 1,787.58

Table 4

CITY OF NEWTON
COMPARATIVE PROPERTY TAX RECEIPTS BY FUND

Year Ended June 30		General Fund	Special** Revenue Funds	Debt Service Fund
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
2012		3,669,772	2,037,155	788,550
2013		3,845,539	2,228,337	572,577
2014		3,850,520	2,383,477	555,274
2015		3,749,275	2,461,295	695,592
2016		$ 3,732,902	$ 2,523,877	$ 756,916

*For fiscal years 2011 and prior, amounts include special assessments local option sales tax, hotel/motel tax receipts and utility excise replacement tax in addition to property tax

CITY OF NEWTON
COMPARATIVE PROPERTY TAX LEVIES AND COLLECTIONS

Year Ended June 30	Collection Year Ended June 30	Total Property Tax Levy	Current Property Tax Collections
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
2011	2012	6,536,879	6,493,334
2012	2013	6,832,774	6,645,488
2013	2014	6,942,281	6,789,263
2014	2015	7,108,466	7,117,076
2015	2016	7,242,751	7,230,604

See accompanying independent auditor's report.

Table 5

Percent Of Property Tax Levy Collected	Delinquent Property Tax Collections	TIF Property Tax Collections	Total Property Tax Collections
100.03%	1,756	2,036,141	8,022,227
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
99.33%	2,143	2,909,173	9,404,650
97.26%	965	2,560,584	9,207,037
97.80%	8	2,717,401	9,506,672
100.12%	2,048	2,444,811	9,563,935
99.83%	-9,321	2,508,520	9,729,803

CITY OF NEWTON
COMPARATIVE PROPERTY TAX RATES PER $1,000 OF
ASSESSED VALUATION

Levy Year	Collection Year Ended June 30	Levy for			
		Newton School District	City of Newton	Jasper County	Area Schools
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
2011	2012	16.23768	15.30305	8.62582	0.59018
2012	2013	15.96319	14.99630	7.66830	0.58466
2013	2014	15.15308	14.66304	7.23964	0.68147
2014	2015	14.71796	15.80911	7.63891	0.65599
2015	2016	15.57662	16.19936	7.84733	0.67565

See accompanying independent auditor's report.

Table 6

Extension Council	County Assessor	Tuberculosis Eradication	Total	Percent of City of Newton Levy to Total Levy
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%
0.16758	0.41948	0.00320	41.34699	37.01%
0.16027	0.39701	0.00330	39.77303	37.70%
0.15695	0.39051	0.00000	38.28469	39.58%
0.18436	0.27962	0.00330	39.28925	39.58%
0.17502	0.22386	0.00407	40.70192	39.80%

Table 7

CITY OF NEWTON

COMPARATIVE RATION OF GENERAL OBLIGATIONS BONDED DEBT TO TAXABLE VALUE AND GENERAL OBLIGATION BONDED DEBT PER CAPITA

Date	Population Per Census	Taxable Value (Agriculture Land Included)	General Obligation Bonded Debt	Ratio of General Obligation Bonded Debt to Taxable Value	General Obligation Bonded Debt Per Capita
6/30/2007	15,579*	422,991,842	26,133,084	0.061782	1,677.46
6/30/2008	15,579*	436,831,194	26,569,030	0.060822	1,705.44
6/30/2009	15,579*	401,742,086	25,169,852	0.062652	1,615.63
6/30/2010	15,579*	415,904,928	25,611,616	0.061580	1,643.98
6/30/2011	15,254**	454,143,296	24,303,000	0.053514	1,593.22
6/30/2012	15,254**	510,841,569	28,090,000 (2)	0.054988	1,841.48
6/30/2013	15,254**	536,167,609	26,860,000 (2)	0.050096	1,760.85
6/30/2014	15,254**	544,823,839	21,525,000	0.039508	1,411.11
6/30/2015	15,254**	524,874,705	26,190,000	0.049898	1,716.93
6/30/2016	15,254**	519,091,987	23,750,000	0.045753	1,556.97

* 2000 census figures
** 2010 census figures

(1) Includes capital loan notes and bonds payable.
(2) Includes capital loan notes of $9,065,000 for which the cross-over refunding call date is June 1, 2014

Table 8

CITY OF NEWTON, IOWA
SEWER FUND DATA
JUNE 30, 2016

Sewer customers served at June 30, 2016	6,244

Sewer rates in effect at June 30, 2016
Minimum charge of $10.81 per month plus $3.47/100 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:

Customer Type	Surcharge Factor
Laundry, including industrial laundries, commercial laundries, and laundromatic	1.2
Car washes	1.3
Restaurants - including quick service and sit-down types	1.6
Bakeries	1.4
Nursing homes	1.6
Correctional Facilities	1.4

CITY OF NEWTON, IOWA
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)
JUNE 30, 2016

Ten Largest Employers in Jasper County

Name (1)	Business Activity
TPI	Wind turbine blades
Newton Community School District	Education
Hy-Vee Corporation	Food Retailer
Skiff Medical Center	Hospital
Wal-Mart, Inc.	Retail
Trinity Structural Towers	Wind turbine blades
Rock Communications	Commercial Printing
Jasper County	Government
The Vernon Company	Specialty Advertising
Thombert, Inc	Polyurethane Wheels

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

Name (2)	Business Activity
Iowa Speedway LLC	Iowa Speedway
Sir Properties Trust	TPI Wind Blades
Lincoln Investors	Trinity Towers Manufacturing Plant/Industrial/Warehouse
Wesley Retirement Services	Retirement Residences
Wal-Mart, Inc.	Retail
Newton Village, Inc	Retirement Residences
Newton Enterprises	Plastics/Office Complex
Hy-Vee Corporation	Food Retailer
Kading Properties	Residential/Apartments
GPI WG Acquisition Sub LLC	Carton Manufacturing