



# Comprehensive Annual Financial Report

For the Fiscal Year Ended  
December 31, 2020



## City of Newton, Kansas



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**CITY OF NEWTON, KANSAS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

**MAYOR**

**Richard Stinnett**

**VICE MAYOR**

**Clint McBroom**

**COMMISSIONERS**

**Kathy Valentine**

**Rod Kreie**

**Leroy Koehn**

**CITY MANAGER**

**Kelly McElroy**

**FINANCE DIRECTOR**

**Donna Pickman**

**Prepared by the Finance Office**

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 COMPREHENSIVE ANNUAL  
 FINANCIAL REPORT  
 Year Ended December 31, 2020

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# Introductory Section





June 24, 2021

**Kelly McElroy**  
*City Manager*

kmcelroy@newtonkansas.com  
p: 316-284-6001  
f: 316-284-6090

Newton City Commission  
City of Newton  
201 E. Sixth Street  
PO Box 426  
Newton, KS 67114-0246

201 E. Sixth, P.O. Box 426  
Newton, Kansas 67114-0426

Dear Commissioners,

City administration is pleased to present to you the City of Newton, Kansas Comprehensive Annual Financial Report for the period ended December 31, 2020. This document is a review of what occurred financially over the course of the past fiscal year and serves as an analysis of our ability to manage our financial resources.

The Comprehensive Annual Financial Report reflects the continuing progress, through very intentional and committed efforts by the City Commission and City staff to achieve and maintain, a solid municipal financial position. By following sensible financial principles and practices in the management of taxpayer resources that we are entrusted with, and by willingly facing our challenges head-on, we continue to improve the City's overall financial condition. We are pleased to report we have closed out another fiscal year in improved, sound financial shape.

The Comprehensive Annual Financial Report is a valuable resource as we continue to evaluate and make decisions regarding allocations of resources among our municipal programs and services, meeting the needs and objectives of our citizens. It is the result of many hours of hard work and dedication by our Finance Department staff. Many of the department heads and other City staff members also dedicate significant time and effort to make this comprehensive report possible. We have a fantastic team and express our appreciation for their efforts and service.

Sincerely,

Kelly McElroy  
City Manager

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**Donna Pickman**  
*Finance Director*

June 24, 2021

dpickman@newtonkansas.com  
p: 316-284-6019  
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TO THE CITIZENS OF THE CITY OF NEWTON, KANSAS  
HONORABLE MAYOR AND CITY COMMISSIONERS

201 E. Sixth, P.O. Box 426  
Newton, Kansas 67114-0426

Good financial management requires that we provide full disclosure of the results of the City's fiscal activities each year, and that we obtain independent verification of the accuracy of our statements. Additionally, Kansas statutes call for an annual audit of all funds of the City by independent certified public accountants. Pursuant to these requirements, we hereby issue the comprehensive annual financial report of the City of Newton for the fiscal year ended December 31, 2020. Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data presented is accurate in all material respects. It is presented in a manner designed to fairly set forth the financial position and results of the operations of the City, measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included. The Management Discussion and Analysis section also includes a narrative explanation, through the eyes of management, on how the City has performed. The Management Discussion and Analysis begins on page 4 of this report.

The firm BT&Co., P.A. audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements are free from material misstatements. The independent audit involves examining, on test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there is a reasonable basis for rendering unmodified opinions that the statements presented are in conformity with generally accepted accounting principles (GAAP) and fairly present the financial condition of the City.

#### The Reporting Entity and Its Services

All funds and entities related to the City of Newton are included in our annual financial report. The city provides a full range of services, which include emergency services (police, fire and emergency medical); environmental services (water supply and distribution, wastewater collection and treatment, and solid waste collection); public works functions (street maintenance, operation of an airport, parks, cemetery, planning, engineering, building inspection), and a variety of supportive administrative services.

The Newton Public Library, a separate legal entity, is reported as a discrete component unit. A Board, the appointees of which are approved by the City, governs the Library. The Library is not a separate taxing entity under State statutes and the City levies taxes for the Library operation, which represents a significant portion of its total revenues.

The Housing Authority of the City of Newton, Kansas, a separate legal entity, is reported as a discrete component unit. The Housing Authority is governed by a Board, the appointees of which are approved by the City. The City also has the ability to remove appointed Board members at will and override or modify decisions of the governing board. The Housing Authority is presented as a proprietary fund type. Separately issued financial statements are available from the Housing Authority.

The finances for the municipal golf course, conference center and water, sewer and sanitation utilities are shown as enterprise funds. In addition, the Newton Public Building Commission is shown as a blended component unit classified as an enterprise fund.

### Profile of the City of Newton

Newton is located just 20 minutes north of Wichita, the largest city in Kansas. The City was incorporated in 1872 at the western terminal of the Atchison, Topeka and Santa Fe Railway and the railhead of the Chisholm Trail, a cattle trail that ended in Abilene (current Highway K-15 follows the Chisholm Trail's route). Thus, the history of Newton has always been tied to the railroad.

Newton, the Harvey County seat, offers an ideal family environment with affordable, quiet neighborhoods and an assortment of youth recreational activities. A drive through the heart of the community reveals a city with pride and vision. Historical buildings that have been adapted for modern commercial enterprises are sprinkled throughout the community. Visible signs of steady growth are evidenced by the successful commerce of the community. Newton residents benefit from a lifestyle that values sound education, progressive health care and safe neighborhoods.

Newton area residents have access to full medical, dental and rehabilitative services close to home. Harvey County enjoys the third highest physician to resident ratio in the state. NMC Health, a private, 103-bed, not-for-profit hospital, serves the community. The medical center is a major employer in Harvey County with 105 active medical staff and 670 full time employees. NMC Health is one of The Chartis Center for Rural Health's Top 100 Rural and Community Hospitals in the United States. This designation is based on iVantage's Hospital Strength INDEX®, the industry's most comprehensive rating of rural and Critical Access Hospitals. NMC Health has been recognized by Healthgrades® for the third consecutive year for outstanding patient experience. This distinction places NMC Health among the top 15 percent of hospitals nationwide for patient experience. For the fourth consecutive year, NMC Health has been named one of America's 100 Great Community Hospitals by Becker's Hospital Review.

The Newton school district, USD 373, serves more than 3,637 students in the Newton area. Annually, Newton High School graduates classes averaging approximately 400. USD 373 is the largest employer in Newton and the second largest employer in Harvey County with a work force of 800 employees and 600 FTE. More than half of USD teachers have a Master's degree or above. 100% of the teachers are designated as "highly qualified" as defined by the Kansas Department of Education.

### Effects of the Coronavirus (COVID-19) Pandemic

In early March 2020, the City of Newton had to quickly adapt operations to new fiscal and service restraints due to the Pandemic and the shut-down of operations ordered by State government. We saw revenue declines in interest earned on investments, franchise fees, and other charges and fees. Fortunately, we did not see a decline in sales tax or property tax revenues. City Hall was closed to the public for six weeks. In late April, the Utility Billing offices were open to the public, but the remainder of City Hall was closed until early 2021. Services were curtailed during this shutdown, but most services were able to start again, with modified procedures, within three to four weeks. Expenses were kept to a lower level by not filling vacant positions, postponing non-emergency projects, and watching all expenses closely. The CARES Act provided relief for expenses directly related to fighting the pandemic. The City received over \$541,000 in relief funds for COVID-19 expenditures.

### Economic Condition and Outlook

Newton, with a 2020 US Census bureau population estimate of 19,099 is located in the Wichita, Kansas, Metropolitan Area, approximately 20 miles north of Wichita itself. Newton is the 23<sup>rd</sup> largest city in Kansas. 461 building permits were issued in 2020 for \$14.9 million compared to \$19.7 million in 2019. Fifteen of these permits were for residential homes with a value of \$2.6 million, up from nine in 2019 with a value of \$1.5 million.

The City of Newton is actively involved in economic development through its partnership with Harvey County and six other local cities. These entities fund the Harvey County Economic Development Council, Inc. to provide economic development services for the area. The mission of the organization is:

To promote the social welfare and economic development of Harvey County; recruit industrial prospects for relocation and expansion in Harvey County; and engage in other programs and projects for promotion of local economic development.

Working as partners has allowed economies of scale in business and industrial development and recruitment, as well as the ability to acquire technical expertise and resources.

## Major Initiatives

### **Park Electrochemical Corporation**

Park Aerospace announced plans for a major expansion of its aerospace manufacturing development and design operations at Newton City/County Airport. In December 2018, the Newton City Commission and Harvey County Commission approved a development agreement with Park for an \$18.8 million expansion that will add 90,000 square feet of manufacturing and office space, essentially doubling its existing facility. The company plans to add 73 new full-time jobs over the next five years. This project broke ground at the end of 2019, but with the COVID-19 pandemic, plans had to be postponed. They are planned for completion in 2021.

### **Community Improvement District**

The Holiday Inn Express petitioned for a community improvement district for improvements to the hotel. These improvements are estimated at \$1,228,507. The additional sales tax amount for this district will be 2% and will expire 22 years from the date its collection begins. The estimated amount of revenue to be collected is \$48,000 annually or \$1,056,000 for the full 22-year term. Collection began in the first quarter of 2020.

### **Municipal Pool and Centennial Park Ballfields**

The City and the Newton Recreation Commission began serious discussions about pool renovations in 2017 and continued meetings through 2018 and 2019. In 2020, the two agencies decided on improvement options and began to move forward with a formal project due to failing infrastructure and a strong desire of the City Commission to invest in quality of life improvements in the community. The improvements consist of \$2.14 million to reconstruct the existing public pool and \$900,000 to improve ballfields at Centennial Park. The construction began in the fall of 2020 and will be completed in 2021.

### **1<sup>st</sup> Street Water Storage Tank Replacement**

A multi-year project was implemented in 2020 to replace the 3.8 million gallon water storage tank located on 1<sup>st</sup> Street in Newton. This tank will be replaced with two 1.9 million gallon tanks. Property had to be purchased from the BNSF Railway which accounted for much of the delay in starting the project. A low interest loan from the Kansas Department of Health and Environment estimated at \$4.4 million has been approved to pay for this project. Construction is planned to be completed in 2022.

## Accounting System and Budgetary Control

The City's accounting records for general government operations are maintained on a modified accrual basis. Revenues are recorded when available and measurable, and expenditures are recorded when the services or goods are received or when the liabilities are incurred.

Accounting records for the City's utilities and other enterprises are maintained on the accrual basis. The City's basis of accounting in its various funds is explained in the notes to financial statements located in the financial section of this report



In developing and altering the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance against loss of assets from unauthorized use or disposition. In addition, the controls maintain reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within this framework. The administration believes that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Expenditures are authorized by a budget approved by the City Commission as required by Kansas statutes. The Kansas Cash Basis and Budget Laws require cash to be on hand before expenditure is authorized, that all expenditures are budgeted, and that the budget not exceed anticipated revenues including carry-forward balances

#### General Obligation Bonded Debt

Large capital improvement projects for the City of Newton normally require long term financing through municipal bonds. It has been City policy to divide bond issues into ten, fifteen, and twenty-year final maturities based upon the expected useful life of the financed project. This enables the life of the asset to match the term of financing. The practical application of this policy has resulted in most issues being "front loaded." Therefore, annual principal and interest payments are declining over time. This allows the primary financial burden of a project to be borne in its early years rather than deferring a financial burden to future taxpayers. Table I shows the City's annual debt service requirements as of December 31, 2020 illustrating the concept noted above.

**TABLE I  
CITY OF NEWTON  
GENERAL OBLIGATION BOND DEBT SERVICE REQUIREMENTS  
DECEMBER 31, 2020**

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 4,355,000	\$ 1,328,050	\$ 5,683,050
2022	\$ 3,990,000	\$ 1,251,673	\$ 5,241,673
2023	\$ 4,095,000	\$ 1,128,882	\$ 5,223,882
2024	\$ 4,255,000	\$ 1,002,405	\$ 5,257,405
2025	\$ 3,950,000	\$ 890,282	\$ 4,840,282
2026	\$ 4,065,000	\$ 776,638	\$ 4,841,638
2027	\$ 3,305,000	\$ 651,675	\$ 3,956,675
2028	\$ 3,225,000	\$ 547,950	\$ 3,772,950
2029	\$ 2,290,000	\$ 448,117	\$ 2,738,117
2030	\$ 1,895,000	\$ 374,990	\$ 2,269,990
2031	\$ 1,510,000	\$ 313,328	\$ 1,823,328
2032	\$ 1,560,000	\$ 267,734	\$ 1,827,734
2033	\$ 1,620,000	\$ 220,164	\$ 1,840,164
2034	\$ 1,350,000	\$ 170,274	\$ 1,520,274
2035	\$ 1,395,000	\$ 131,723	\$ 1,526,723
2036	\$ 1,280,000	\$ 90,866	\$ 1,370,866
2037	\$ 640,000	\$ 53,344	\$ 693,344
2038	\$ 665,000	\$ 35,944	\$ 700,944
2039	\$ 430,000	\$ 17,844	\$ 447,844
2040	\$ 435,000	\$ 9,243	\$ 444,243

To provide perspective and monitor trends in indebtedness of the City, various debt ratios are calculated. Table II shows such ratios. It is instructive to note that the growth environment generates additional debt burdens upon the City, but the debt ratios are within a reasonable range. Net bonded debt per capita at \$1,720 and net bonded debt represents 25.91% of assessed value. It has been possible to finance improvements without jeopardizing these common indicators.

**TABLE II  
CITY OF NEWTON  
SELECTED DEBT RATIOS**

<b>Year End 12-31</b>	<b>Net Direct Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Ratio of Net Bonded Debt to Estimated Actual Market Value</b>	<b>Net Bonded Debt Per Capita</b>
2011	\$ 28,151,767	25.47%	3.46%	\$ 1,553
2012	\$ 27,441,332	23.87%	3.28%	\$ 1,434
2013	\$ 27,884,239	24.25%	3.29%	\$ 1,450
2014	\$ 26,437,566	22.77%	3.11%	\$ 1,378
2015	\$ 25,870,675	22.09%	3.00%	\$ 1,353
2016	\$ 28,420,839	24.06%	3.26%	\$ 1,479
2017	\$ 26,681,662	22.43%	3.03%	\$ 1,397
2018	\$ 28,000,395	23.33%	3.16%	\$ 1,484
2019	\$ 24,248,566	20.10%	2.71%	\$ 1,294
2020	\$ 32,443,785	25.91%	3.51%	\$ 1,720

### Revenue Bonded Debt

Revenue bonds differ from general obligation bonds in that the full taxing power of the City is not pledged to their repayment. The revenue stream of the utility for which bonds are issued secures revenue bonds. In the case of industrial revenue bonds, the City has no direct responsibility for repayment of the bonds.

The City has used revenue-bonded debt for its water and wastewater utilities. A coverage ratio is required and maintained to assure investors of a sound operation.

### General Government Services

Newton's general government services include public safety (police, fire, and emergency medical), law, administration, finance, streets, environmental, planning, engineering, building inspection, library, airport, park and cemetery. Such operations are accounted for in various funds shown in the financial report.

General government revenues are comprised of a wide variety of revenue sources that protect the City from a decline in any one element of its revenue stream, as illustrated below. The largest component is taxes, which account for just over half of all revenues. Of these taxes, the predominant components are property taxes, the two-percent countywide sales tax, and motor vehicle taxes. Property tax remains the largest single revenue source.

Charges for Services account for receipts individuals and businesses pay for part or all of City services received. In the General Fund, this is the second largest revenue source and accounts for 13% of revenues. Examples of services the City charges for include ambulance fees, administrative fees, rural fire services and rural ambulance services. Intergovernmental revenue is another significant segment and is comprised of grants and shared revenue from the State of

Kansas determined by statutory formulas. The remaining revenue comes from a varied mix of sources. Revenues usually remain quite stable from year to year. The City did have a 5% loss of revenue in the General fund due to the coronavirus (COVID-19) Pandemic. The largest concentration of expenditures is Capital Outlay. This is due to several ongoing projects (Street, Water and Sewer additions, and Airport improvements). Sources of revenues and expenditures are graphically illustrated in the Management Discussion and Analysis in the Financial Section.

### Utility Operations

Ownership and operation of the Water, Wastewater, and Sanitation departments continue to comprise three essential elements of the City's service component. Newton has been blessed with high quality supplies of groundwater from the Equus Beds aquifer, and the water requires very little treatment. Newton is the sole supplier of potable water to city residents and businesses. In addition, Newton is a partner in Public Wholesale Water Supply District No. 17 along with three other municipalities. Newton treats and distributes water from the District to these neighboring communities under separate contract with each municipality. The City is also the sole provider of residential refuse and recycling collection services.

The entire water production system is modern and generally in sound condition. Work to replace the ground level storage tank on West First Street has started, along with painting two elevated water towers.

Newton owns and operates a wastewater treatment plant permitted by the Kansas Department of Health and Environment. In the summer of 2016, a \$20 million upgrade to a Biological Nutrient Removal (BNR) plant was completed. This was funded through a low interest loan from KDHE and annual payments to the state are made from increased sewer rates.

The Newton solid waste department collects refuse and recyclable materials from residential customers in the City. Commercial service was abandoned as a separate operation, although commercial customers who can be serviced in the normal residential refuse and recycling collection process can opt for City service. Refuse is delivered to the Harvey County transfer station, where it is then hauled to a landfill out of the county. Recyclables are delivered to the Harvey County Recycling Center for processing.

To provide an example of the current user fee level, Newton residents can receive weekly trash collection, 500 cubic feet sanitary sewer service, and use 500 cubic feet of water for a total of \$133.07. This remains competitive with other communities in Kansas.

### Airport

The Newton City-County Airport is a vital asset to the community. Jointly owned by the City of Newton and Harvey County, the Airport is operated by the City. The Newton City-County Airport (designated EWK) is located on approximately 800 acres two miles east of Newton, Kansas. Originally constructed as an auxiliary flight training facility for the U.S. Navy, the airport was converted to a municipal facility following World War II. The facility has a volunteer Aviation Advisory Commission that provides community input regarding the facility's operations to the two local governments.

The airport provides an “all weather” facility with two runways that can accommodate corporate business jets, multi-engine aircraft, and single-engine aircraft. Its primary runway, Runway 17/35, is 7,003 feet long, and its secondary runway, Runway 08/26 is 3,501 feet long. The field has on-site weather reporting, and its primary runway is equipped with an ILS approach, both of which provide access to the airport during most weather conditions.

The airport’s primary function is to accommodate corporate/business activity. Companies such as Hawker-Beechcraft, Wells Fargo, Avcon Industries, and Hesston College use the facility daily. Other daily flying activities include pipeline inspections, flight training, and emergency medical flights. Local and State law enforcement use the airport on a weekly basis, as does the military. Other aviation activity at the airport consists of doctor transport, aerial advertising, aerial photography, and surveying. Numerous businesses operate at the airport. Avcon Industries, Midwest Aircraft, and Park Aircraft Technologies provide a variety of products and services. Hesston College provides flight instruction to student pilots. Planning for a reconstruction project of Taxiway E was started in 2020. Designing phase was completed in late 2020 and the construction is set to begin in 2021 and will take at least three years to complete. The federal government is planning to fund \$7,691,372 of the project, with the remaining \$854,597 to be split between the City of Newton and Harvey County.

### Cash Management

Effective cash management is recognized as essential to good fiscal management. The City’s investments are designed and managed in a manner responsive to the public trust and consistent with statutory requirements. In priority order, the basic cash management philosophy of the City is:

1. Protect investment principal.
2. Maintain liquidity.
3. Maximize interest earnings.

Funds not needed in the short term are invested either in local financial institutions or in the Kansas Municipal Investment Pool. The City may only invest in Treasury bills, certificates of deposits, or the Pool.

The Kansas Municipal Investment Pool was created in 1992 to allow municipalities to invest funds with the Kansas State Treasurer, who subsequently invests in federal securities. The State of Kansas guarantees these funds. Prior to investing funds in the Pool, the City must offer funds to qualified local financial institutions. Rates by local institutions are compared to published rates established by the Pool. If local banks are willing to pay the same rate, funds must be invested locally.

## Insurance

The City of Newton carries a wide variety of coverage for its diverse risks. In 1994, the City became a charter member of the Kansas Municipal Insurance Trust (KMIT), a Worker's Compensation insurance pool. Through a continuing affiliation in 2007, KMIT provides to the City extensive risk management services, including memoranda on current issues, training materials, and seminars designed to decrease claims. In addition to substantial premium savings compared to previous policies, the City receives excellent risk prevention services.

## Independent Audit

State statutes require an annual audit of the books of accounts, financial records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Commission. The firm of BT&Co., P.A. began performing the City audit for the fiscal year 2015. Their opinion for the December 31, 2020 financial statements is included.

## Administrative Officials

Kelly McElroy held the position of Interim City Manager starting January 1, 2020 and was named City Manager for the City of Newton effective May 26, 2020. Donna Pickman was hired on July 24, 2017 as Finance Director.

## Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newton for its comprehensive annual financial report for the fiscal year ended December 31, 2019. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Newton has received a Certificate of Achievement for the last thirty consecutive years (fiscal years ended 1989-2019). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

## Acknowledgements

I sincerely appreciate the cooperation and dedicated efforts required of the many City personnel, both inside and outside of the Finance Office, for the presentation of this report. The citizens of the City of Newton are extraordinarily well served by all departments of the City who contributed to this annual financial report in their daily work throughout the year and their individual year-end tasks. I especially want to acknowledge the dedication and hard work of the Assistant Finance Director, Lisa Marshall. Her assistance with managing the Finance department and her help to other departments is invaluable.

I express special appreciation to the City Commissioners and City Manager Kelly McElroy, for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Newton's finances.

Respectfully,

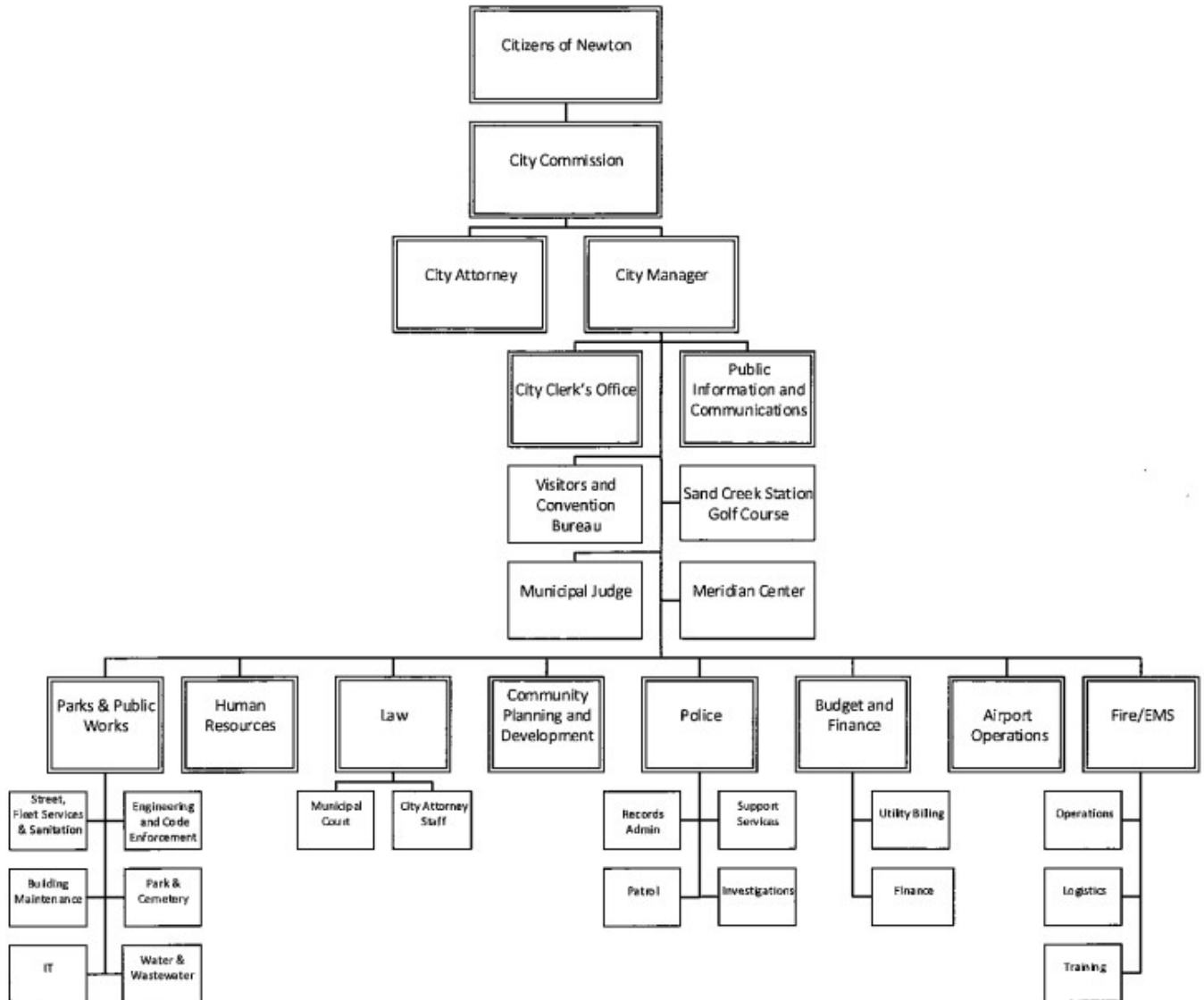
A handwritten signature in blue ink that reads "Donna Pickman". The signature is written in a cursive style with a large, looping initial "D".

Donna Pickman  
Finance Director

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## City of Newton Organization Chart



The Law Dept. is under the supervision of the City Attorney but is under the City Manager's authority  
 Title VI Coordinator is the Public Works Director and the Civil Rights Coordinator is the HR Director

CITY OF NEWTON, KANSAS  
LIST OF PRINCIPAL OFFICIALS

**ELECTED CITY OFFICIALS**

<u>Name</u>	<u>Position</u>	<u>Term of Office</u>
Richard Stinnett	Mayor	December 2020 – December 2021
	Commissioner	December 2019 – December 2023
Clint McBroom	Vice Mayor	December 2020 – December 2021
	Commissioner	December 2019 – December 2023
Leroy Koehn	Commissioner	April 2013 – December 2021
Rod Kreie	Commissioner	April 2018 – December 2021
Kathy Valentine	Commissioner	April 2015 – December 2021

**ADMINISTRATIVE OFFICIALS**

<u>Name</u>	<u>Office</u>
Kelly McElroy	City Manager
Erin McDaniel	Director of Communication/PIO
Chris Towle	City Attorney
Denise R. Duerksen	City Clerk
Suzanne Loomis	Director of Public Works/City Engineer
Steve Roberson	Fire/EMS Chief
Craig Dunlavy	Chief of Police
Donna Pickman	Finance Director
Lisa Marshall	Assistant Finance Director
Debra Perbeck	Director of Human Resources
Brian Palmer	Director of Aviation



Government Finance Officers Association

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**City of Newton  
Kansas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO

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# Financial Section

## Basic Financial Statements





## **INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and City Commission  
City of Newton, Kansas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Kansas (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as 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 accounting principles generally accepted in the United States of America; 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.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the City of Newton, Kansas (Housing Authority), which represent 55 percent, 57 percent, and 55 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and applicable provisions of the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Newton Public Library discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules and statements listed under supplementary information in the accompanying table of contents and other information, including the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.



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

The introductory and statistical sections have 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 them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

BT + Co., P.A.

Topeka, Kansas  
June 24, 2021

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## CITY OF NEWTON, KANSAS

### Management's Discussion and Analysis

As management of the City of Newton, Kansas, we offer readers of the City of Newton's financial statements this narrative overview and analysis of the financial activities of the City of Newton for the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-xi of this report, and the City of Newton's financial statements, which follow this section beginning on page 14.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Newton exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$94,463,743. Of this amount \$30,658,556 (unrestricted net position) may be used to meet the government's ongoing obligations to the citizens and creditors.
- The City's total net position increased 4.33% to \$94.4 million and unrestricted net position increased 19.70% to \$30.6 million as a result of this year's operations.
- At the end of 2020, the combined unassigned and assigned fund balance for the General Fund was \$11,811,353 or 64.78% of General Fund expenditures net of transfers. This is compared to \$11,605,912 or 58.73% of General Fund expenditures in 2019. The increase in the combined unassigned and assigned fund balance is due to the City's conscience effort to keep a tight rein on expenditures. This fund balance is within the Fund Balance Policy limits.
- The City of Newton's General Obligation (GO) Debt increased \$6,480,000 during 2020 to \$46,310,000.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Newton's comprehensive annual financial report which includes the basic financial statements. The City's basic financial statements comprise three components. 1) Government-wide financial statements - consisting of *The Statement of Net Position* and the *Statement of Activities* which provide information about the activities of the City as a whole and present a more long-term view of the City's finances. 2) Fund financial statements that report the City's operations in more detail than the government-wide statements, by providing information about the City's most significant funds. 3) Notes to the financial statements. This report also contains other supplementary statistical and financial information in addition to the basic financial statements themselves.

## **Reporting the City as a Whole**

The government-wide financial statements (pages 14-15 of this Comprehensive Annual Financial Report) are designed to provide readers with a broad overview of the City of Newton's finances, in a format similar to a private-sector business.

### **The Statement of Net Position and the Statement of Activities**

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 past year's activities?" The *Statement of Net Position* and the *Statement of Activities* each report information about the City as a whole and about its activities in a way that helps answer this question. These statements include **all** assets and liabilities using the **accrual basis of accounting**, which is similar to the accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account as they are earned or incurred, regardless of when cash is received or paid.

These two statements report the City's **net position** and changes in them. You can think of the City's net position as the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources as one way to measure the City's financial health, or **financial position**. Over time, **increases or decreases** in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads and other infrastructure, to assess the overall health of Newton.

The *Statement of Net Position* and the *Statement of Activities* distinguish functions of the City of Newton that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City's governmental activities include general government, public safety, highways and street, community and economic development, and parks and recreation. Property taxes, transient guest taxes, sales taxes, and franchise fees finance most of these activities. The City's business-type activities include water, sewer, sanitation, and golf course. The City of Newton has three component units, the Newton Public Library (discrete), the Newton Public Building Commission (blended) and The Newton Housing Authority (discrete), which are all separate legal entities. Although legally separate, these "component units" are important because the City is financially accountable for them.

## **Reporting the City's Most Significant Funds**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds-not the City of Newton as a whole. Some funds are required to be established by State Law and by bond covenants. In addition, the City Commission establishes other funds to help control and manage money for particular purposes, or to demonstrate that Newton is complying with legal requirements for using certain taxes, grants, and other money. The City's two kind of funds; **governmental and proprietary** use different accounting approaches.

## **Fund Financial Statements**

- *Governmental funds*--Most of the City's basic services are reported in its governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. These funds are reported using an accounting method called the *modified accrual* basis of accounting, which measures cash and other financial assets that can readily be converted to cash. With this method, the governmental fund statements provide a detailed short-term view of the city's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds (reported in the fund financial statements) in a reconciliation document following the fund financial statements, on pages 17 and 19.
- *Proprietary funds*--When the City charges for certain services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported using the *full accrual basis* of accounting, in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Activities*. The City of Newton maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. We use *internal service funds* to report activities provided through one fund for other City programs and activities--such as the City's Stores and Maintenance and Self Insurance Funds.

## **THE CITY AS A WHOLE**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Newton, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$94,463,743 at the close of 2020, the most recent fiscal year. This represents an increase of 4% as compared to the close of 2019.

By far the largest portion of the City of Newton's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related outstanding debt used to construct or acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1**  
**City of Newton**  
**Condensed Statement of Net Position**  
**December 31, 2020**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
<b>Current and other assets</b>	\$33,778,295	\$29,169,846	\$24,123,138	\$23,347,234	\$ 57,901,433	\$52,517,080
<b>Capital assets, non-depreciable</b>	7,598,311	7,715,033	1,379,979	3,922,440	8,978,290	11,637,473
<b>Capital assets, net of depreciation</b>	59,102,767	58,009,406	60,296,250	59,463,524	119,399,017	117,472,930
<b>Total Assets</b>	<u>100,479,373</u>	<u>94,894,285</u>	<u>85,799,367</u>	<u>86,733,198</u>	<u>186,278,740</u>	<u>181,627,483</u>
<b>Deferred Outflows of Resources</b>	5,010,757	3,163,565	1,301,831	984,817	6,312,588	4,148,382
<b>Long-term liabilities outstanding</b>	52,006,635	47,477,642	35,886,274	36,322,212	87,892,909	83,799,854
<b>Other liabilities</b>	1,201,097	2,334,934	628,467	593,986	1,829,564	2,928,920
<b>Total Liabilities</b>	<u>53,207,732</u>	<u>49,812,576</u>	<u>36,514,741</u>	<u>36,916,198</u>	<u>89,722,473</u>	<u>86,728,774</u>
<b>Deferred Inflows of Resources</b>	8,260,736	8,289,408	144,376	211,567	8,405,112	8,500,975
<b>Net Position:</b>						
<b>Net Investment in Capital Assets</b>	32,670,298	33,431,937	29,137,494	29,671,394	61,807,792	63,103,331
<b>Restricted</b>	1,997,395	1,830,999	-	-	1,997,395	1,830,999
<b>Unrestricted</b>	9,353,969	4,692,930	21,304,587	20,918,856	30,658,556	25,611,786
<b>Total Net Position</b>	<u>\$44,021,662</u>	<u>\$39,955,866</u>	<u>\$50,442,081</u>	<u>\$50,590,250</u>	<u>\$ 94,463,743</u>	<u>\$90,546,116</u>

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$30,658,556 may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net position increased by \$5,046,770 or 19.7%.

At the end of the current fiscal year, the city is able to report positive balances in all categories of net position for governmental activities. The City's combined net position from governmental and business-type increased as described previously. This increase is reflected in the *Statement of Net Position* through *Statement of Activities*, on pages 14-15, respectively.

**Table 2**  
**City of Newton**  
**Statement of Activities and Changes in Net Position**  
**Year Ended December 31, 2020**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenue</b>						
<u>Program Revenues</u>						
Charges for services	\$ 3,985,554	\$ 4,649,918	\$ 16,273,815	\$ 15,928,742	\$ 20,259,369	\$ 20,578,660
Operating grants and contributions	161,641	178,704	-	-	161,641	178,704
Capital grants and contributions	3,225,926	2,587,110	21,000	21,000	3,246,926	2,608,110
<u>General revenues</u>						
Property taxes & special assessments	8,767,116	8,268,042	133,941	126,910	8,901,057	8,394,952
Sales tax	5,526,871	5,355,924	-	-	5,526,871	5,355,924
Franchise taxes	1,468,435	1,566,090	-	-	1,468,435	1,566,090
Excise taxes	188,022	288,752	-	-	188,022	288,752
Gain on disposal of capital assets	54,424	-	500	-	54,924	-
Interest income	202,942	592,968	5,872	5,245	208,814	598,213
Other	1,138,762	585,095	-	26,150	1,138,762	611,245
<b>Total revenues</b>	<b>24,719,693</b>	<b>24,072,603</b>	<b>16,435,128</b>	<b>16,108,047</b>	<b>41,154,821</b>	<b>40,180,650</b>
<b>Expenses</b>						
General government	5,681,133	7,559,081	-	-	5,681,133	7,559,081
Public safety	11,427,887	10,805,239	-	-	11,427,887	10,805,239
Highway and streets	3,773,794	4,970,201	-	-	3,773,794	4,970,201
Culture and recreation	1,347,875	1,215,667	-	-	1,347,875	1,215,667
Airport	1,042,403	1,173,152	-	-	1,042,403	1,173,152
Interest and fiscal charges	1,461,697	1,335,809	-	-	1,461,697	1,335,809
Sewer	-	-	5,206,266	4,523,468	5,206,266	4,523,468
Sanitation	-	-	1,773,244	1,362,051	1,773,244	1,362,051
Waterworks	-	-	3,497,672	2,857,374	3,497,672	2,857,374
Golf course	-	-	1,456,132	1,400,571	1,456,132	1,400,571
Public Building Commission	-	-	569,091	340,555	569,091	340,555
<b>Total expenses</b>	<b>24,734,789</b>	<b>27,059,149</b>	<b>12,502,405</b>	<b>10,484,019</b>	<b>37,237,194</b>	<b>37,543,168</b>
Excess (Deficiency) before transfers	(15,096)	(2,986,546)	3,932,723	5,624,028	3,917,627	2,637,482
Transfers	4,080,892	667,515	(4,080,892)	(667,515)	-	-
Change in net position	4,065,796	(2,319,031)	(148,169)	4,956,513	3,917,627	2,637,482
Net position, beginning of year	39,955,866	42,274,897	50,590,250	45,633,737	90,546,116	87,908,634
Net position, end of year	\$ 44,021,662	\$ 39,955,866	\$ 50,442,081	\$ 50,590,250	\$ 94,463,743	\$ 90,546,116

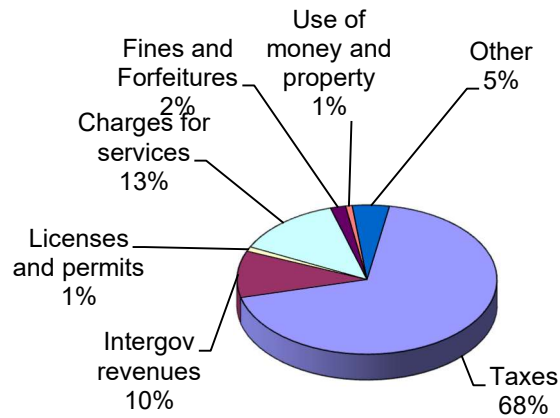
## Governmental Activities

Table 3 presents the cost of the City’s four largest governmental activities—general government; public safety; highway and streets, public works; and culture and recreation—as well as each activity’s net cost (total cost, less revenues generated by the activity). The net cost shows the financial burden that was placed on the City’s taxpayers by each of these governmental functions.

**Table 3  
Net Cost of Governmental Activities**

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
General government	\$ 5,681,133	\$ 2,569,199
Public safety	11,427,887	10,438,056
Highway & streets and public works	3,773,794	1,615,006
Culture and recreation	1,347,875	1,329,915
Totals	<u>\$ 22,230,689</u>	<u>\$ 15,952,176</u>

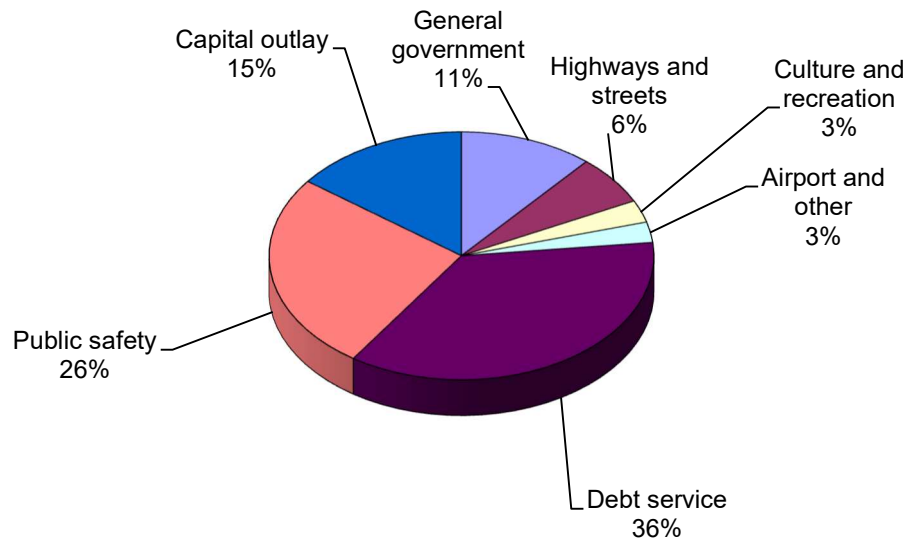
**Source of Revenue**



- Property tax revenue increased \$499,074 or 6.04% for the year 2020 as compared to 2019. The increase is due to an increase in the City’s 2020 assessed valuation.
- The City saw a decrease in Intergovernmental, Charges for Services, Fines and Forfeitures, and Use of Money due effects of the coronavirus (COVID-19) pandemic.



## Functional Expenses



## Business-type Activities

Business-type activities decreased the City's net position by \$148,169 to \$50,442,081 during 2020. Table 4 presents the cost of the City's four business-type activities and blended component unit--Sewer, Sanitation, Water and Golf Course and Public Building Commission—as well as each activity's net revenue (revenue generated by the activity less its total cost).

**Table 4**  
**Net Revenue from Business-type Activities**

	Total Cost of Activity	Net Cost of Activity
Sewer	\$ 5,206,266	\$ 2,614,102
Sanitation	1,773,244	411,231
Waterworks	3,497,672	1,163,336
Golf course	1,456,132	(223,948)
Public Building Commission	569,091	(172,311)
Totals	<u>\$ 12,502,405</u>	<u>\$ 3,792,410</u>

- In 2014 the City began a mandated upgrade of the Wastewater Treatment Plant for estimated cost of \$24 million. The City Commission adopted a plant upgrade fee in 2014 to pay for the debt service for the upgrade. This project came in approximately \$4 million under budget upon completion. The fee established in 2014 will remain in effect for the City to utilize the excess funds in terms of interest savings and to reduce the debt service requirements in terms of years. As of December 31, 2020, an extra \$3,400,000, raised by this upgrade fee, has been paid toward the principal to reduce the debt service.

- The 2017-2021 Capital Improvement Plan is approximately \$35.4 million. The CIP is funded through a combination of City, State and Federal funds.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

On December 31, 2020, the City's governmental funds reported combined fund balance of \$13,031,085, a \$5.2 million increase from 2019.

- The General Fund is the major operating and taxing fund for the City of Newton. The beginning total fund balance was \$11,778,670. In 2020 the ending balance was \$11,954,646 a \$175,976 or 1.49% increase over 2019. In 2020, expenditures exceeded revenues by \$386,097, however, the fund balance in the General Fund increased due to the City's resolve to continue to fund the budgeted transfers to the municipal equipment and capital reserve accounts.
- The Debt Service Fund reflected an increase of \$319,608. The Debt Service Fund balance at year end 2020 was \$656,689. The City took advantage of the low 2020 rates and refunded bonds with high interest rates, this helped lower debt service requirements in 2020 and beyond. This increase in fund balance reflects those savings.
- The Capital Projects Fund accounts for major capital projects in Newton. The fund reflects an ending balance of (\$1,342,703). This is compared to the 2019 balance of (\$6,141,342), with the negative ending balance being the result of temporary cash reserve funding for ongoing projects. A major portion of these projects were completed, and bonds were issued in 2020. The increase of \$4,798,639 in the ending balance reflects reimbursing the Capital Projects Fund with these bond proceeds.
- In Other Governmental Funds, the ending fund balance is \$1,762,453, a decrease of \$38,105 or 2.12%.

### **General Fund Budgetary Highlights**

The General Fund actual revenues did not meet budgeted revenues by \$455,197 for 2020. The lower than budgeted revenue received for interest earned on investments, court fines and fees, and other usually stable sources of income was due to the coronavirus (COVID-19) pandemic.

- General Fund tax revenues, actual vs. budget, reflected a negative variance of \$161,795. This decrease was due to lower than budgeted revenues for franchise fees also due to the coronavirus (COVID-19) pandemic.
- General Fund expenditures in 2020 were \$19,992,532 compared to \$21,208,632 in 2019. This reflects a \$1,216,100 expenditure decrease. The City deliberately held the line on expenses due to the unknown effects of the pandemic on revenues.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2020, the City had \$128,377,307 (net of depreciation) invested in a broad range of capital assets, including police and fire equipment, buildings, improvements, land, park facilities, golf course, and water and wastewater treatment facilities (see Table 5 below). This amount represents a net decrease (including additions and deletions) of (\$733,096). Construction in progress decreased \$2,659,183, this decrease is a result of the completion of several street, building and airport construction projects which increased general infrastructure. Building and Improvements decreased (\$254,295). Machinery and Equipment increased \$918,690. Utility Service Lines increased \$1,965,081. General Infrastructure had a net decrease of (\$594,658). Additional information of the City of Newton's capital assets can be found in Note 5, of the Notes to Financial Statements, on pages 40-43.

The City's five-year Capital Improvement Plan reflects appropriations for construction, improvements to, or acquisition of an additional \$35.4 million worth of capital assets for fiscal 2017 through 2021. Funding is budgeted to come from general obligation bonds, utility revenue bonds, state revolving fund loans and special benefit districts and other sources. The most significant projects include construction or enhancements of various streets, bridges, and traffic-ways, construction and enhancements to parks and athletic fields, airport facilities, water treatment and distribution system improvements, wastewater collection and treatment facilities and storm water drainage improvements.

Table 5  
City of Newton's Capital Assets  
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 6,608,676	\$ 6,608,676	\$ 1,082,579	\$ 1,082,579	\$ 7,691,255	\$ 7,691,255
Buildings and improvements	18,752,374	17,831,849	34,110,736	35,285,556	52,863,110	53,117,405
Machinery and equipment	3,896,705	3,129,211	2,656,800	2,614,335	6,553,505	5,743,546
General infrastructure	36,453,688	37,048,346	-	-	36,453,688	37,048,346
Utility service lines	-	-	23,528,714	21,563,633	23,528,714	21,563,633
Construction in progress	989,635	1,106,357	297,400	2,839,861	1,287,035	3,946,218
Total capital assets	<u>\$ 66,701,078</u>	<u>\$ 65,724,439</u>	<u>\$ 61,676,229</u>	<u>\$ 63,385,964</u>	<u>\$ 128,377,307</u>	<u>\$ 129,110,403</u>

### Debt

On December 31, 2020, the City had total general obligation debt outstanding of \$46,310,000 backed by the full faith and credit of the government. The remainder of the City bonded debt represents revenue bonds. The City is obligated for \$15,464,275 of state revolving fund loans secured solely by specified revenue sources. Total City indebtedness as of December 31, 2020, is \$65,814,275.

Additional information of the City of Newton's long-term debt can be found in Note 10, of the Notes to Financial Statements, on pages 61-65.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Newton is the seat of Harvey County, within the Wichita Metropolitan Statistical Area (MSA). Wichita is one of 383 Metropolitan Statistical Areas (MSAs) in the nation. The Wichita MSA 2020 population was 643,768. The Harvey County 2020 population of 34,675 had a per capita personal income (PCPI) of \$44,416. This PCPI was 79% of the state average, \$56,073, and 75% of the national average, \$59,398. The 2020 PCPI reflected an increase of 5% from 2019. The Harvey County Civilian Labor Force was 17,032 with an unemployment rate of 4.0%.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, 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 the Finance office, at the City of Newton, 201 E 6<sup>th</sup> Street, Newton, Kansas 67114.

CITY OF NEWTON, KANSAS  
STATEMENT OF NET POSITION  
December 31, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Public Library	Housing Authority
<b>Assets:</b>					
Cash and investments	\$ 14,677,522	\$ 21,297,909	\$ 35,975,431	\$ 2,134,360	\$ 499,696
Receivables:					
Property tax	7,607,420	-	7,607,420	-	-
Special assessment tax	8,876,556	-	8,876,556	-	-
Sales tax	970,806	-	970,806	-	-
Franchise tax	154,966	-	154,966	-	-
Accounts	646,801	1,927,421	2,574,222	-	2,027
Due from other governments	-	-	-	-	10,271
Other	428,720	-	428,720	-	-
Internal balances	7,924	(7,924)	-	-	-
Prepaid items	158,538	2,079	160,617	-	22,943
Inventory	111,530	141,658	253,188	-	8,351
Restricted assets:					
Cash and investments	137,512	761,995	899,507	-	54,388
Capital assets:					
Capital assets not being depreciated	7,598,311	1,379,979	8,978,290	-	200,253
Other capital assets, net of depreciation	59,102,767	60,296,250	119,399,017	139,508	2,048,693
Total assets	<u>100,479,373</u>	<u>85,799,367</u>	<u>186,278,740</u>	<u>2,273,868</u>	<u>2,846,622</u>
Deferred outflows of resources:					
Deferred charge on refunding	741,513	620,268	1,361,781	-	-
Deferred outflows - OPEB	300,121	14,973	315,094	2,290	-
Deferred outflows - pension	3,969,123	666,590	4,635,713	96,330	32,429
Total deferred outflows of resources	<u>5,010,757</u>	<u>1,301,831</u>	<u>6,312,588</u>	<u>98,620</u>	<u>32,429</u>
Liabilities:					
Accounts payable	445,516	182,812	628,328	46,133	42,393
Accrued expenses	157,957	65,843	223,800	-	50,460
Accrued interest payable	325,420	290,078	615,498	-	-
Claims payable	113,222	-	113,222	-	-
Unearned revenues	158,982	89,734	248,716	-	10,970
Noncurrent liabilities:					
Due within one year	3,675,145	3,317,928	6,993,073	11,782	14,398
Due in more than one year	48,331,490	32,568,346	80,899,836	339,310	180,568
Total liabilities	<u>53,207,732</u>	<u>36,514,741</u>	<u>89,722,473</u>	<u>397,225</u>	<u>298,789</u>
Deferred inflows of resources:					
Deferred receivable - property taxes	7,607,420	-	7,607,420	-	-
Deferred inflows - OPEB	213,297	19,685	232,982	2,817	-
Deferred inflows - pension	440,019	124,691	564,710	13,516	23,462
Total deferred inflows of resources	<u>8,260,736</u>	<u>144,376</u>	<u>8,405,112</u>	<u>16,333</u>	<u>23,462</u>
Net position:					
Net investment in capital assets	32,670,298	29,137,494	61,807,792	139,508	2,248,946
Restricted for:					
Community development	694,562	-	694,562	-	6,017
Cemetery perpetual care - nonexpendable	393,097	-	393,097	-	-
Debt service	459,971	-	459,971	-	-
Airport	141,891	-	141,891	-	-
Law enforcement	262,112	-	262,112	-	-
Other	45,762	-	45,762	-	-
Unrestricted	9,353,969	21,304,587	30,658,556	1,819,422	301,837
Total net position	<u>\$ 44,021,662</u>	<u>\$ 50,442,081</u>	<u>\$ 94,463,743</u>	<u>\$ 1,958,930</u>	<u>\$ 2,556,800</u>

See accompanying notes to basic financial statements.

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CITY OF NEWTON, KANSAS  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Total	Public Library	Housing Authority
			Grants and Contributions	Grants and Contributions					
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 5,681,133	\$ 2,471,425	\$ 53,681	\$ 586,828	\$ (2,569,199)	\$ -	\$ (2,569,199)	\$ -	\$ -
Public safety	11,427,887	470,104	-	519,727	(10,438,056)	-	(10,438,056)	-	-
Highway and streets	3,773,794	39,417	-	2,119,371	(1,615,006)	-	(1,615,006)	-	-
Culture and recreation	1,347,875	-	17,960	-	(1,329,915)	-	(1,329,915)	-	-
Airport	1,042,403	1,004,608	90,000	-	52,205	-	52,205	-	-
Interest and fiscal charges	1,461,697	-	-	-	(1,461,697)	-	(1,461,697)	-	-
Total governmental activities	24,734,789	3,985,554	161,641	3,225,926	(17,361,668)	-	(17,361,668)	-	-
Business-type activities:									
Sewer	5,206,266	7,799,368	-	21,000	-	2,614,102	2,614,102	-	-
Sanitation	1,773,244	2,184,475	-	-	-	411,231	411,231	-	-
Waterworks	3,497,672	4,661,008	-	-	-	1,163,336	1,163,336	-	-
Golf course	1,456,132	1,232,184	-	-	-	(223,948)	(223,948)	-	-
Public building commission	569,091	396,780	-	-	-	(172,311)	(172,311)	-	-
Total business-type activities	12,502,405	16,273,815	-	21,000	-	3,792,410	3,792,410	-	-
Total primary government	\$ 37,237,194	\$ 20,259,369	\$ 161,641	\$ 3,246,926	(17,361,668)	3,792,410	(13,569,258)	-	-
<b>Component units:</b>									
Public Library	\$ 886,675	\$ 811	\$ 41,552	\$ -				(844,312)	-
Housing Authority	1,299,194	426,075	594,585	9,207				-	(269,327)
Total component units	\$ 2,185,869	\$ 426,886	\$ 636,137	\$ 9,207				(844,312)	(269,327)
<b>General revenues:</b>									
Taxes:									
Property taxes					8,767,116	133,941	8,901,057	783,994	-
Sales taxes					5,526,871	-	5,526,871	-	-
Franchise taxes					1,468,435	-	1,468,435	-	-
Excise taxes					188,022	-	188,022	-	-
Investment earnings					202,942	5,872	208,814	-	3,962
Other					1,138,762	-	1,138,762	-	-
Gain on disposals of capital assets					54,424	500	54,924	-	(3,512)
Transfers					4,080,892	(4,080,892)	-	-	-
Total general revenues and transfers					21,427,464	(3,940,579)	17,486,885	783,994	450
Change in net position					4,065,796	(148,169)	3,917,627	(60,318)	(268,877)
Net position, beginning of year					39,955,866	50,590,250	90,546,116	2,019,248	2,825,677
Net position, end of year					\$ 44,021,662	\$ 50,442,081	\$ 94,463,743	\$ 1,958,930	\$ 2,556,800

See accompanying notes to basic financial statements.

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CITY OF NEWTON, KANSAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2020

	Major Funds			Total Nonmajor Funds	Total Governmental Funds
	General*	Bond & Interest	Capital Projects		
<b>Assets:</b>					
Cash and investments	\$ 9,388,607	\$ 656,689	\$ -	\$ 1,100,063	\$ 11,145,359
Due from other funds	1,298,939	-	-	-	1,298,939
<b>Receivables:</b>					
Property tax	5,210,111	1,590,106	-	807,203	7,607,420
Special assessments	-	8,876,556	-	-	8,876,556
Sales tax	970,806	-	-	-	970,806
Franchise tax	154,966	-	-	-	154,966
Accounts receivable	462,495	-	-	184,306	646,801
Other	29,902	-	122,400	398,818	551,120
Inventory	4,755	-	-	31,981	36,736
Prepaid items	138,538	-	-	-	138,538
<b>Restricted assets:</b>					
Cash	-	-	-	137,512	137,512
<b>Total assets</b>	<b>\$ 17,659,119</b>	<b>\$ 11,123,351</b>	<b>\$ 122,400</b>	<b>\$ 2,659,883</b>	<b>\$ 31,564,753</b>
<b>Liabilities:</b>					
Accounts payable	\$ 237,718	\$ -	\$ 166,164	\$ 32,562	\$ 436,444
Accrued expenditures	148,543	-	-	6,784	155,327
Due to other funds	-	-	1,298,939	-	1,298,939
Unearned revenue	108,101	-	-	50,881	158,982
<b>Total liabilities</b>	<b>494,362</b>	<b>-</b>	<b>1,465,103</b>	<b>90,227</b>	<b>2,049,692</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue - property and special assessment taxes	5,210,111	10,466,662	-	807,203	16,483,976
<b>Total deferred inflows of resources</b>	<b>5,210,111</b>	<b>10,466,662</b>	<b>-</b>	<b>807,203</b>	<b>16,483,976</b>
<b>Fund balances (deficit):</b>					
<b>Nonspendable:</b>					
Prepaid items	138,538	-	-	-	138,538
Inventory	4,755	-	-	31,981	36,736
<b>Restricted:</b>					
Airport	-	-	-	141,891	141,891
Debt service	-	656,689	128,702	-	785,391
Community development	-	-	122,400	572,162	694,562
Perpetual care	-	-	-	393,097	393,097
Law enforcement	-	-	-	262,112	262,112
Other purposes	-	-	-	45,762	45,762
<b>Assigned:</b>					
Capital asset acquisition	5,187,323	-	-	287,528	5,474,851
Other purposes	129,286	-	-	27,920	157,206
Unassigned	6,494,744	-	(1,593,805)	-	4,900,939
<b>Total fund balances</b>	<b>11,954,646</b>	<b>656,689</b>	<b>(1,342,703)</b>	<b>1,762,453</b>	<b>13,031,085</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 17,659,119</b>	<b>\$ 11,123,351</b>	<b>\$ 122,400</b>	<b>\$ 2,659,883</b>	<b>\$ 31,564,753</b>

\* See the General Fund Combining Balance Sheet on page 80.

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS  
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
December 31, 2020

Total fund balances in Governmental Funds Balance Sheet		\$ 13,031,085
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		66,701,078
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.		8,876,556
Deferred outflows represent a consumption of net position that applies to a future period and so will not be recognized as an expenditure of resources until then.		
Deferred charge on refunding	741,513	
Deferred OPEB outflow	300,121	
Deferred pension outflow	3,969,123	5,010,757
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, not reported as liabilities in the funds.		(52,332,055)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.		
Deferred OPEB inflow	(213,297)	
Deferred pension inflow	(440,019)	(653,316)
Internal service funds are used by the City to charge the cost of certain activities such as employee insurance and vehicle operating costs to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.		3,387,557
Net position of governmental activities		\$ 44,021,662

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended December 31, 2020

	Major Funds			Total Nonmajor Funds	Total Governmental Funds
	General*	Bond & Interest	Capital Projects		
Revenues:					
Taxes:					
Property taxes	\$ 6,251,511	\$ 1,675,128	\$ -	\$ 840,477	\$ 8,767,116
Sales taxes	5,490,136	-	-	36,735	5,526,871
Franchise taxes	1,468,435	-	-	-	1,468,435
Excise taxes	-	-	-	188,022	188,022
Special assessments	-	935,050	-	-	935,050
Intergovernmental	698,241	66,766	457,765	1,281,119	2,503,891
Licenses and permits	246,223	-	-	-	246,223
Charges for services	2,225,202	-	39,417	1,009,161	3,273,780
Fines, forfeitures and penalties	465,551	-	-	-	465,551
Interest	201,210	-	-	1,732	202,942
Other	159,417	58,797	879,036	41,509	1,138,759
<b>Total revenues</b>	<b>17,205,926</b>	<b>2,735,741</b>	<b>1,376,218</b>	<b>3,398,755</b>	<b>24,716,640</b>
Expenditures:					
Current:					
General government	2,968,543	-	-	1,413,816	4,382,359
Public safety	9,888,658	-	-	140,237	10,028,895
Highway and streets	2,512,205	-	-	-	2,512,205
Culture and recreation	1,129,287	-	-	-	1,129,287
Airport	-	-	-	1,042,403	1,042,403
Capital outlay	1,384,755	-	4,228,672	130,852	5,744,279
Debt service:					
Principal	108,910	2,567,175	10,334,104	-	13,010,189
Interest	240,158	823,292	20,066	-	1,083,516
<b>Total expenditures</b>	<b>18,232,516</b>	<b>3,390,467</b>	<b>14,582,842</b>	<b>2,727,308</b>	<b>38,933,133</b>
Excess (deficiency) of revenues over (under) expenditures	(1,026,590)	(654,726)	(13,206,624)	671,447	(14,216,493)
Other financing sources (uses):					
Transfers in	3,074,371	2,333,640	3,544,019	111,450	9,063,480
Transfers out	(1,953,495)	(1,359,306)	-	(847,252)	(4,160,053)
General obligation bonds issued	-	-	14,015,372	-	14,015,372
Premium on general obligation bonds	-	-	787,062	-	787,062
Bond issuance costs	-	-	(341,190)	-	(341,190)
Sale of capital assets	81,690	-	-	26,250	107,940
<b>Total other financing sources (uses)</b>	<b>1,202,566</b>	<b>974,334</b>	<b>18,005,263</b>	<b>(709,552)</b>	<b>19,472,611</b>
Net change in fund balances	175,976	319,608	4,798,639	(38,105)	5,256,118
Fund balances, beginning of year	11,778,670	337,081	(6,141,342)	1,800,558	7,774,967
Fund balances, end of year	<b>\$ 11,954,646</b>	<b>\$ 656,689</b>	<b>\$ (1,342,703)</b>	<b>\$ 1,762,453</b>	<b>\$ 13,031,085</b>

\* See the General Fund Combining Statement of Revenues, Expenditures and Changes in Fund Balances on page 81.

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	5,256,118
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		1,039,004
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals, donations) is to decrease net position.		47,660
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(51,374)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(1,738,279)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(791,129)
Internal service funds are used by the City to charge the cost of certain activities such as employee insurance and vehicle operating costs to individual funds. The net revenue of the internal service funds is reported with governmental activities.		303,796
		303,796
Change in net position of governmental activities	\$	4,065,796

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended December 31, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues and other sources:			
Property tax	\$ 6,045,710	\$ 6,041,277	\$ (4,433)
Sales tax	5,000,000	5,490,136	490,136
Franchise tax	1,600,000	1,468,435	(131,565)
PILOT	15,000	622,888	607,888
Intergovernmental	73,000	685,760	612,760
Licenses and permits	195,000	246,223	51,223
Charges for services	2,180,000	2,079,758	(100,242)
Fines and fees	506,800	465,551	(41,249)
Interest	275,000	200,885	(74,115)
Other	48,000	50,829	2,829
Transfers in	4,123,122	2,254,693	(1,868,429)
Total revenues and other sources	<u>20,061,632</u>	<u>19,606,435</u>	<u>(455,197)</u>
Expenditures and other uses:			
Current:			
General government	4,033,543	2,474,841	(1,558,702)
Public safety	10,636,171	9,888,658	(747,513)
Highway and streets	3,042,354	2,512,205	(530,149)
Parks and cemeteries	1,451,959	1,129,287	(322,672)
Capital outlay	-	35,887	35,887
Transfers out	3,105,544	3,951,654	846,110
Total expenditures and other uses	<u>22,269,571</u>	<u>19,992,532</u>	<u>(2,277,039)</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	(2,207,939)	(386,097)	1,821,842
Fund balances, beginning of year	<u>2,207,939</u>	<u>6,074,326</u>	<u>3,866,387</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 5,688,229</u>	<u>\$ 5,688,229</u>
Fund balances for budgeted funds included with the General Fund on GAAP basis financials:			
Meridian Center		57,619	
Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials:			
Meridian Center Special Reserve		76,422	
Capital Improvement Reserve		2,700,049	
Admin Contingency		945,053	
Municipal Equipment Reserve		2,487,274	
		<u>\$ 11,954,646</u>	

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
December 31, 2020

	Business-Type Activities		
	Sewer	Sanitation	Waterworks
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and investments	\$ 11,458,475	\$ 1,490,248	\$ 7,832,464
Accounts receivable (net of allowance for uncollectibles)	1,071,580	301,454	516,700
Prepaid items	-	-	-
Inventory	-	-	92,219
Total current assets	<u>12,530,055</u>	<u>1,791,702</u>	<u>8,441,383</u>
<b>Noncurrent assets:</b>			
Restricted cash	-	-	-
Advances from other funds	-	-	-
<b>Capital assets:</b>			
Capital assets, net of accumulated depreciation	41,980,244	565,435	10,368,129
Total noncurrent assets	<u>41,980,244</u>	<u>565,435</u>	<u>10,368,129</u>
Total assets	<u>54,510,299</u>	<u>2,357,137</u>	<u>18,809,512</u>
<b>Deferred outflows of resources:</b>			
Deferred charge on refunding	338,437	-	17,331
Deferred outflows - OPEB	4,557	3,668	6,748
Deferred outflows - pension	249,410	147,430	269,750
Total deferred outflows of resources	<u>592,404</u>	<u>151,098</u>	<u>293,829</u>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	59,164	26,781	75,317
Accrued expenses	20,272	13,823	18,976
Compensated absences	21,362	23,113	38,213
Unreported claims payable	-	-	-
Unearned revenue	-	-	-
Current portion of long-term debt	2,025,340	-	354,900
Accrued interest payable	210,436	-	39,858
Total current liabilities	<u>2,336,574</u>	<u>63,717</u>	<u>527,264</u>
<b>Noncurrent liabilities:</b>			
Total OPEB liability	20,418	18,115	35,260
Net pension liability	1,007,679	595,653	1,089,858
State revolving fund loans payable	13,210,339	-	1,114,484
Leases payable	-	-	-
Advances to other funds	-	-	-
General obligation bonds, net	10,030,729	-	2,260,811
Total noncurrent liabilities	<u>24,269,165</u>	<u>613,768</u>	<u>4,500,413</u>
Total liabilities	<u>26,605,739</u>	<u>677,485</u>	<u>5,027,677</u>
<b>Deferred inflows of resources:</b>			
Deferred inflows - OPEB	7,053	5,270	7,362
Deferred inflows - pension	46,654	27,578	50,459
Total deferred inflows of resources	<u>53,707</u>	<u>32,848</u>	<u>57,821</u>
<b>Net position:</b>			
Net investment in capital assets	17,052,273	565,435	6,655,265
Unrestricted	11,390,984	1,232,467	7,362,578
Total net position	<u>\$ 28,443,257</u>	<u>\$ 1,797,902</u>	<u>\$ 14,017,843</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.			
Net position of business-type activities			

(Continued)

CITY OF NEWTON, KANSAS  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
(Continued)  
December 31, 2020

	Business-Type Activities			Governmental Activities
	Public Building		Total	Internal
	Golf Course	Commission		Service Funds
<b>Assets:</b>				
Current assets:				
Cash and investments	\$ 516,722	\$ -	\$ 21,297,909	\$ 3,532,162
Accounts receivable (net of allowance for uncollectibles)	12,666	25,021	1,927,421	-
Prepaid items	2,079	-	2,079	20,000
Inventory	49,439	-	141,658	74,794
Total current assets	<u>580,906</u>	<u>25,021</u>	<u>23,369,067</u>	<u>3,626,956</u>
Noncurrent assets:				
Restricted cash	-	761,995	761,995	-
Advances from other funds	-	2,738,400	2,738,400	-
Capital assets:				
Capital assets, net of accumulated depreciation	6,671,079	2,091,342	61,676,229	506,311
Total noncurrent assets	<u>6,671,079</u>	<u>5,591,737</u>	<u>65,176,624</u>	<u>506,311</u>
Total assets	<u>7,251,985</u>	<u>5,616,758</u>	<u>88,545,691</u>	<u>4,133,267</u>
<b>Deferred outflows of resources:</b>				
Deferred charge on refunding	-	264,500	620,268	-
Deferred outflows - OPEB	-	-	14,973	-
Deferred outflows - pension	-	-	666,590	-
Total deferred outflows of resources	<u>-</u>	<u>264,500</u>	<u>1,301,831</u>	<u>-</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	21,550	-	182,812	9,068
Accrued expenses	12,772	-	65,843	2,630
Compensated absences	-	-	82,688	6,994
Unreported claims payable	-	-	-	113,224
Unearned revenue	89,734	-	89,734	-
Current portion of long-term debt	-	855,000	3,235,240	-
Accrued interest payable	-	39,784	290,078	-
Total current liabilities	<u>124,056</u>	<u>894,784</u>	<u>3,946,395</u>	<u>131,916</u>
Noncurrent liabilities:				
Total OPEB liability	-	-	73,793	-
Net pension liability	-	-	2,693,190	-
State revolving fund loans payable	-	-	14,324,823	-
Advances to other funds	2,738,400	122,400	2,860,800	-
General obligation bonds, net	-	3,185,000	15,476,540	-
Total noncurrent liabilities	<u>2,738,400</u>	<u>3,307,400</u>	<u>35,429,146</u>	<u>-</u>
Total liabilities	<u>2,862,456</u>	<u>4,202,184</u>	<u>39,375,541</u>	<u>131,916</u>
<b>Deferred inflows of resources:</b>				
Deferred inflows - OPEB	-	-	19,685	-
Deferred inflows - pension	-	-	124,691	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>144,376</u>	<u>-</u>
<b>Net position:</b>				
Net investment in capital assets	3,932,679	931,842	29,137,494	506,311
Unrestricted	456,850	747,232	21,190,111	3,495,040
Total net position	<u>\$ 4,389,529</u>	<u>\$ 1,679,074</u>	<u>50,327,605</u>	<u>\$ 4,001,351</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.			114,476	
Net position of business-type activities			<u>\$ 50,442,081</u>	

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
Year Ended December 31, 2020

	Business-Type Activities		
	Sewer	Sanitation	Waterworks
Operating revenues:			
Charges for sales and services	\$ 7,724,061	\$ 2,163,139	\$ 4,630,631
Miscellaneous	75,307	21,336	30,377
Total operating revenues	<u>7,799,368</u>	<u>2,184,475</u>	<u>4,661,008</u>
Operating expenses:			
Personnel services	1,513,505	1,001,220	1,722,519
Contractual services	635,410	365,201	1,081,323
Commodities	159,700	23,441	107,888
Vehicle operating	47,002	202,233	40,254
Depreciation and amortization	2,179,584	167,533	444,333
Total operating expenses	<u>4,535,201</u>	<u>1,759,628</u>	<u>3,396,317</u>
Operating income (loss)	<u>3,264,167</u>	<u>424,847</u>	<u>1,264,691</u>
Nonoperating revenues (expenses):			
Gain on disposal of property	-	-	500
Taxes	-	-	-
Other	-	-	-
Interest income	-	-	1,852
Interest and fiscal charges	(685,529)	-	(117,492)
Total nonoperating revenues (expenses)	<u>(685,529)</u>	<u>-</u>	<u>(115,140)</u>
Income (loss) before capital contributions and transfers	2,578,638	424,847	1,149,551
Capital contributions	828,870	65,000	106,285
Transfers in	1,175,070	-	291,326
Transfers out	(5,802,843)	(222,597)	(1,221,003)
Change in net position	(1,220,265)	267,250	326,159
Total net position, beginning of year	<u>29,663,522</u>	<u>1,530,652</u>	<u>13,691,684</u>
Total net position, end of year	<u>\$ 28,443,257</u>	<u>\$ 1,797,902</u>	<u>\$ 14,017,843</u>

Change in net position  
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.

Change in net position of business-type activities

(Continued)



CITY OF NEWTON, KANSAS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
(Continued)  
Year Ended December 31, 2020

	Golf Course	Public Building Commission	Total	Governmental Activities Internal Service Funds
Operating revenues:				
Charges for sales and services	\$ 1,218,485	\$ 396,780	\$ 16,133,096	\$ 3,576,848
Miscellaneous	13,699	-	140,719	10,001
Total operating revenues	<u>1,232,184</u>	<u>396,780</u>	<u>16,273,815</u>	<u>3,586,849</u>
Operating expenses:				
Personnel services	574,520	-	4,811,764	2,655,777
Contractual services	306,618	1,955	2,390,507	278,881
Commodities	289,085	250,000	830,114	356,545
Vehicle operating	-	-	289,489	18,829
Depreciation and amortization	285,909	152,263	3,229,622	112,655
Total operating expenses	<u>1,456,132</u>	<u>404,218</u>	<u>11,551,496</u>	<u>3,422,687</u>
Operating income (loss)	<u>(223,948)</u>	<u>(7,438)</u>	<u>4,722,319</u>	<u>164,162</u>
Nonoperating revenues (expenses):				
Gain on disposal of property	-	-	500	-
Taxes	-	133,941	133,941	-
Interest income	551	3,469	5,872	-
Interest and fiscal charges	-	(164,873)	(967,894)	-
Total nonoperating revenues (expenses)	<u>551</u>	<u>(27,463)</u>	<u>(827,581)</u>	<u>-</u>
Income (loss) before capital contributions and transfers	<u>(223,397)</u>	<u>(34,901)</u>	<u>3,894,738</u>	<u>164,162</u>
Capital contributions	-	-	1,000,155	-
Transfers in	720,000	-	2,186,396	156,620
Transfers out	-	-	(7,246,443)	-
Change in net position	496,603	(34,901)	(165,154)	320,782
Total net position, beginning of year	<u>3,892,926</u>	<u>1,713,975</u>	<u>50,492,759</u>	<u>3,680,569</u>
Total net position, end of year	<u>\$ 4,389,529</u>	<u>\$ 1,679,074</u>	<u>\$ 50,327,605</u>	<u>\$ 4,001,351</u>
Change in net position				
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.			\$ (165,154)	
Change in net position of business-type activities			<u>16,985</u>	
			<u>\$ (148,169)</u>	

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended December 31, 2020

	Business-Type Activities					Governmental	
	Sewer	Sanitation	Waterworks	Golf Course	Public Building Commission	Total	Internal Service Funds
Cash flows from operating activities:							
Receipts from customers	\$ 7,829,203	\$ 2,183,221	\$ 4,705,729	\$ 1,241,972	\$ 392,789	\$ 16,352,914	\$ 3,586,849
Payments to suppliers for goods and services	(815,300)	(591,007)	(1,239,611)	(578,329)	(251,954)	(3,476,201)	(660,076)
Payments to employees for services	(1,539,706)	(946,467)	(1,690,310)	(570,762)	-	(4,747,245)	(215,963)
Payments for health benefits	-	-	-	-	-	-	(2,492,698)
Net cash from operating activities	<u>5,474,197</u>	<u>645,747</u>	<u>1,775,808</u>	<u>92,881</u>	<u>140,835</u>	<u>8,129,468</u>	<u>218,112</u>
Cash flows from noncapital financing activities:							
Transfers in	1,175,070	-	291,326	720,000	-	2,186,396	156,620
Transfers out	(5,802,843)	(222,597)	(1,221,003)	-	-	(7,246,443)	-
Net cash from noncapital financing activities	<u>(4,627,773)</u>	<u>(222,597)</u>	<u>(929,677)</u>	<u>720,000</u>	<u>-</u>	<u>(5,060,047)</u>	<u>156,620</u>
Cash flows from capital and related financing activities:							
Proceeds from capital grants	21,000	-	-	-	-	21,000	-
Proceeds from sales of capital assets	-	-	500	-	-	500	-
Proceeds from taxes	-	-	-	-	133,941	133,941	-
Payments for capital assets	(262,784)	(356,556)	(125,314)	(2,996)	-	(747,650)	(2,630)
G.O. bond principal payments	(1,094,834)	-	(232,182)	-	(855,000)	(2,182,016)	-
Revolving loan principal payments	(2,046,349)	-	(162,474)	-	-	(2,208,823)	-
Receipts (payments) on advances to/from other funds	-	-	-	(620,000)	369,700	(250,300)	-
Other receipts	-	-	-	32,088	-	32,088	-
Interest and fees paid on capital debt	(697,167)	-	(125,984)	-	(119,955)	(943,106)	-
Proceeds from general obligation bonds	3,569,355	-	22,115	-	-	3,591,470	-
Net cash from capital and related financing activities	<u>(510,779)</u>	<u>(356,556)</u>	<u>(623,339)</u>	<u>(590,908)</u>	<u>(471,314)</u>	<u>(2,552,896)</u>	<u>(2,630)</u>
Cash flows from investing activities:							
Interest received	-	-	1,852	551	3,469	5,872	-
Net increase (decrease) in cash and cash equivalents	335,645	66,594	224,644	222,524	(327,010)	522,397	372,102
Cash and cash equivalents, beginning of year	11,122,830	1,423,654	7,607,820	294,198	1,089,005	21,537,507	3,160,060
Cash and cash equivalents, end of year	<u>\$ 11,458,475</u>	<u>\$ 1,490,248</u>	<u>\$ 7,832,464</u>	<u>\$ 516,722</u>	<u>\$ 761,995</u>	<u>\$ 22,059,904</u>	<u>\$ 3,532,162</u>

(Continued)

CITY OF NEWTON, KANSAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
(Continued)  
Year Ended December 31, 2020

	Business-Type Activities					Total	Governmental Activities
	Sewer	Sanitation	Waterworks	Golf Course	Public Building Commission		Internal Service Funds
Reconciliation of operating income (loss) to net cash from operating activities:							
Operating income (loss)	\$ 3,264,167	\$ 424,847	\$ 1,264,691	\$ (223,948)	\$ (7,438)	\$ 4,722,319	\$ 164,162
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation and amortization	2,179,584	167,533	444,333	285,909	152,263	3,229,622	112,655
Changes in:							
Accounts receivable	29,835	(1,254)	44,721	(12,134)	(3,990)	57,178	-
Inventories	-	-	(44,115)	408	-	(43,707)	(4,669)
Prepaid expenses	-	-	-	308	-	308	-
Accounts payable	26,812	(132)	33,969	16,658	-	77,307	-
Accrued expenses	(14,565)	(9,480)	(20,586)	3,758	-	(40,873)	(6,365)
Compensated absences	(56)	6,130	(4,077)	-	-	1,997	-
Total OPEB liability	1,574	1,312	2,572	-	-	5,458	-
Net pension liability	163,547	163,974	248,930	-	-	576,451	-
Deferred outflows pension	(145,033)	(94,053)	(165,769)	-	-	(404,855)	-
Deferred outflows OPEB	(1,865)	(1,555)	(3,048)	-	-	(6,468)	-
Deferred inflows pension	(29,636)	(11,436)	(25,541)	-	-	(66,613)	-
Deferred inflows OPEB	(167)	(139)	(272)	-	-	(578)	-
Unearned revenue	-	-	-	21,922	-	21,922	-
Claims payable	-	-	-	-	-	-	(47,671)
Net cash from operating activities	<u>\$ 5,474,197</u>	<u>\$ 645,747</u>	<u>\$ 1,775,808</u>	<u>\$ 92,881</u>	<u>\$ 140,835</u>	<u>\$ 8,129,468</u>	<u>\$ 218,112</u>

Noncash capital financing activities:

Contributions of capital assets of \$ 807,870, \$ 65,000 and \$ 106,285 were received in the sewer fund, sanitation fund and waterworks fund from other governmental funds.

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2020

1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Newton, Kansas (the City) was originally incorporated in 1871 under the laws of the State of Kansas. The City operates under a commission-manager form of government and provides services to its citizens in the areas of public safety, public works, community planning and development, water, wastewater and sanitation utilities, recreation, cultural and social assistance and municipal facilities.

Accounting principles generally accepted in the United States of America require that these financial statements present the City (the primary government) and its component units. The component units described below are included in the City's reporting entity because of their operational significance or financial relationships with the City.

*Discretely Presented Component Units.* The Newton Public Library, although a separate legal entity, is reported as a discrete component unit. The Library is governed by a Board, the appointees of which are approved by the City. The Library is not a separate taxing entity under State statutes and the City levies taxes for the Library operation, which represents a significant portion of its total revenues. The Library is presented as a governmental fund type. Separately issued financial statements for the Library are not available.

The Housing Authority of the City of Newton, Kansas, although a separate legal entity, is reported as a discrete component unit. The Housing Authority is governed by a Board, the appointees of which are approved by the City. The City also has the ability to remove appointed Board members at will and override or modify decisions of the governing board. The Housing Authority is presented as a proprietary fund type. Separately issued financial statements are available from the Housing Authority.

*Blended Component Unit.* The Newton Public Building Commission (NPBC) was formed under Kansas statutes during 2005 to provide debt financing for City facilities. The NPBC is a separate legal entity, governed by a Board which is appointed by the City Commission. The NPBC is included as a blended component unit because the NPBC's debt is repayable almost entirely from the City's resources. The financial statements of the NPBC have been included within the City's reporting entity as a proprietary fund. Separately issued financial statements for the NPBC are not available.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

CITY OF NEWTON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 60-day availability period is used for revenue recognition for all governmental funds revenues except property taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes receivable are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by unavailable revenue accounts.

CITY OF NEWTON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The bond and interest fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The capital projects fund accounts for the acquisition and construction of city streets and other significant capital projects through capital grant funding and issuance of general obligation debt.

The City reports the following major proprietary funds:

The sewer fund accounts for the operation and maintenance activities of the City's wastewater collection and treatment systems.

The sanitation fund accounts for the operations of the City's trash collection and recycling utility.

The waterworks fund accounts for the operation and maintenance activities of the City's water distribution system.

The golf course fund accounts for the activities of the Sand Creek Station Golf Course.

The Newton Public Building Commission (NPBC) fund accounts for the activities of the NPBC blended component unit which provides financing for certain public buildings and facilities in the City.

Additionally, the City reports the following fund types:

The internal service funds account for the financing of goods and services provided by one fund to other funds of the City on a cost reimbursement basis and to account for the City's self-insurance activities relating to employee health coverage.

The permanent fund account is used to account for the activities of the City's cemetery and mausoleum activities. The resources of this fund are restricted to the extent that only earnings, and not the principal, may be used for purposes that support the cemetery program.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise

CITY OF NEWTON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Pooled Cash and Investments

Cash and investments of the individual funds are combined to form a pool that is managed by the Director of Finance. Each fund's equity in the pool is included in "deposits and investments" in the financial statements. These pooled deposits and investments consist of operating accounts and non-negotiable certificates of deposit which are recorded at cost because they are not affected by market rate changes. The City also has funds invested in the Kansas Municipal Investment Pool (MIP) which is overseen by the State of Kansas. The fair value of the City's position in the MIP is the same as the pool value of the shares. Investment earnings, including interest income, are allocated based on management discretion and upon their average daily equity balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund.

Cash Flows Statement

For purposes of the cash flow statement, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade accounts receivable are shown net of an allowance for uncollectibles. Management records a trade accounts receivable allowance based on percentages of collection estimated from the aging of the accounts receivable. At December 31, 2020, management has determined that no allowance for uncollectible receivables is necessary.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds unavailable revenue is reported as follows:

CITY OF NEWTON, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 (Continued)

General fund property tax receivable	\$ 5,210,111
Bond and interest fund property tax receivable	1,590,106
Bond and interest fund special assessments receivable	8,876,556
Nonmajor governmental fund property tax receivable	807,203
	\$ 16,483,976

Property Taxes

In accordance with governing State statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities in the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property and are recorded as taxes receivable with a corresponding amount recorded as unavailable revenue on the balance sheet of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Special Assessments

In accordance with State statutes, projects financed in part by special assessments are financed through issuance of general obligation bonds of the City and are retired from the bond and interest fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the bond and interest fund. The special assessments receivable are not recorded as revenue in the fund financial statements when levied against the respective property owners as such amounts are not available as a resource to finance current year operations.

Restricted Assets

Restricted cash is set aside in the community development fund for community development programs and in the NPBC for debt service.

Inventories

Inventories that benefit future periods are recorded as expenditures or expenses as consumed. Inventories are stated at cost, as determined by the first-in, first-out method.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items of governmental funds are recorded as expenditures when consumed rather than when purchased.



CITY OF NEWTON, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City capitalizes purchases of assets with a cost of \$ 1,000 or more and an estimated useful life in excess of one year. All costs of land are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	30 – 50 years
Improvements other than buildings	15 – 30 years
General infrastructure	30 – 50 years
Machinery	5 – 15 years
Office equipment and furniture	5 – 12 years
Water treatment plant	30 years
Water and sewer mains	30 – 50 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has several items that qualify for reporting in this category. One item, deferred charge on refunding, is reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other two items are deferred outflows for pension and other postemployment benefits (OPEB) reported in the government-wide and proprietary fund statements of net position. See Notes 6 and 8 for more information on the deferred outflows for the pension and OPEB.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. One item, *unavailable revenue/deferred receivable*, is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. Governmental activities report a deferred receivable only from property taxes. The other two items are deferred inflows for pension and other postemployment benefits (OPEB). See Notes 6 and 8 for more information on the deferred inflows for the pension and OPEB.

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Compensated Absences

The City's policies regarding vacation and sick leave permit employees to accumulate a maximum of 10 to 18 days of vacation leave (depending on the number of years of continuous service) and a maximum accumulation of 90 days sick leave. Policies require the cancellation of accumulated sick leave on the date of employment termination. All vacation leave is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental fund financial statements, a liability is accrued when it has matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts and refunding differences are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. KPERS investments are reported at fair value.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2020, fund balances for governmental funds are made up of the following:

*Nonspendable fund balances* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

*Restricted fund balances* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

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*Committed fund balances* – includes amounts that can be used only for specific purposes determined by a formal action of the City Commission. The City Commission is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved through a majority vote by a quorum of the Commission.

*Assigned fund balances* – includes amounts the City intends to use for a specific purpose that is neither restricted nor committed as directed by the City Commission.

*Unassigned fund balance* – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Commission has provided otherwise in its commitment or assignment actions.

The City has established a minimum fund balance policy for maintaining fund balances in governmental funds. The City strives to maintain a minimum unassigned fund balance of at least 15% of budgeted annual expenditures in the General fund.

Concentrations of Credit Risk

Credit is extended to citizens for special assessments levied by the City for capital improvements. These special assessments are secured by liens on the related properties. Unsecured credit is extended to customers for water fees, sewer fees, and charges for certain other services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pending Governmental Accounting Standards Board Statements

At December 31, 2020, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of

CITY OF NEWTON, KANSAS  
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resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the Statement are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 91, *Conduit Debt Obligations*, eliminates diversity in practice associated with government issuers' financial reporting of conduit debt obligations. The Statement achieves that objective by clarifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures. The requirements for this statement are effective for periods beginning after December 15, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, provides guidance for the financial reporting of public-private and public-public partnerships and availability payment arrangements. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit

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pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Finally, the Statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements for this statement are effective immediately except for the requirements that are related to the accounting and financial reporting for Section 457 plans, which are effective for fiscal years beginning after June 15, 2021.

2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balances – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$ (52,332,055) difference are as follows:

General obligation bonds payable	\$ (33,416,904)
Plus: Issuance premiums	(1,355,389)
Accrued interest payable	(325,420)
Compensated absences	(560,933)
Total OPEB liability	(1,126,330)
Net pension liability	(15,547,079)
Net adjustment to decrease fund balances - total governmental funds to arrive at net position - governmental activities	\$ (52,332,055)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$ 1,039,004 difference are as follows:

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Capital outlay	\$ 4,266,697
Depreciation expense	<u>(3,227,693)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 1,039,004</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$ (1,738,279) difference are as follows:

Principal repayments:	
General obligation bonds	\$ 6,872,983
Guaranteed industrial revenue bonds	6,132,099
Amortization of deferred charge on refunding	(96,161)
Amortization of bond premiums	<u>155,234</u>
Debt issued:	
General obligation bonds	(14,015,372)
Bond premiums	<u>(787,062)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (1,738,279)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$ (791,129) difference are as follows:

Compensated absences	\$ (48,542)
Accrued interest	(54,222)
Total OPEB liability	32,679
Pension contributions	<u>(721,044)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (791,129)</u>

3 - Stewardship, Compliance and Accountability

Budgetary Information

Applicable Kansas statutes require an annual operating budget be legally adopted for the general fund, special revenue funds (unless exempted by a specific statute), debt service funds and proprietary funds. A

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NOTES TO BASIC FINANCIAL STATEMENTS  
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legal operating budget is not prepared for the capital projects fund, capital improvement reserve fund, admin contingency fund, municipal equipment reserve fund, RHID fund, RHID 2 fund, Meridian Center special reserve fund, community development fund, airport/library capital improvement fund, Public Building Commission fund, and airport/library municipal equipment reserve fund. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments evidenced by documents such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

The statutes provide for the following sequence and timetable in adoption of budgets:

- a. Preparation of budget for the succeeding calendar year on or before August 1<sup>st</sup>.
- b. Publication in a local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
- c. Public hearing on or before August 15 but at least ten days after publication of notice of hearing.
- d. Adoption of final budget on or before August 25<sup>th</sup>.

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures in an individual fund. The legal level of budgetary control is the fund level. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the City. All unencumbered appropriations lapse at the end of the year. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or cancelled. Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish, in the local newspaper, a notice of public hearing to amend the budget. At least ten days after publication, a public hearing is held and the governing body may amend the budget at that time. There were no budget amendments for 2020.

The capital projects fund had a deficit net fund balance of \$ 1,342,703 at December 31, 2020. In fiscal year 2020 actual expenditures exceeded budget expenditures in the Sanitation and Golf Course funds.

4 - Deposits and Investments

Deposits

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. Kansas statutes require that deposits of the City be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City. At year-end, the carrying amount of the City's deposits was \$ 2,779,557 and the bank balance totaled \$ 3,007,545. Of the bank balance, \$ 250,000 was secured by federal deposit insurance and \$ 2,757,545 was collateralized by

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 NOTES TO BASIC FINANCIAL STATEMENTS  
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pledged securities held under joint custody receipts issued by third party banks in the City's name. The Library and the Housing Authority's deposits were not exposed to custodial credit risk.

Investments

As of December 31, 2020, the City had the following investments:

Investment Type	Fair Value	Maturity <span style="border-top: 1px solid black;">&lt; 1 year</span>	Rating
Kansas Municipal Investment Pool	\$34,095,381	\$ 34,095,381	Not Rated

*Credit Risk*

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

*Concentrations of Credit Risk*

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. As noted in the schedule above, the City's investments as of December 31, 2020 consisted entirely of amounts held by the State's municipal investment pool.

*Custodial Credit Risk*

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2020, the City has invested \$ 34,095,381 in the State's municipal investment pool. The City is not exposed to custodial credit risk.

The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The fair value of the City's position in the municipal investment pool is substantially the same as the value of the pool shares.

*Interest rate risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates, but state statutes do establish



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a two-year limitation on investment maturities. In practice, the City generally does not exceed a one-year maturity when investing idle funds. The City is not exposed to significant interest rate risk.

*Fair Value Measurement* – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Fair value measurement hierarchy information is not provided to the City for its deposits in the Kansas Municipal Investment Pool.

5 - Capital Assets

Capital asset activity of the primary government for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 6,608,676	\$ -	\$ -	\$ -	\$ 6,608,676
Construction in progress	1,106,357	1,729,512	(1,846,234)	-	989,635
Total capital assets not being depreciated	<u>7,715,033</u>	<u>1,729,512</u>	<u>(1,846,234)</u>	<u>-</u>	<u>7,598,311</u>
Capital assets being depreciated:					
Buildings and structures	29,336,800	1,718,266	-	-	31,055,066
General infrastructure	56,020,614	805,295	-	-	56,825,909
Equipment	12,914,977	1,862,487	(1,208,389)	10,328	13,579,403
Total capital assets being depreciated	<u>98,272,391</u>	<u>4,386,048</u>	<u>(1,208,389)</u>	<u>10,328</u>	<u>101,460,378</u>
Less accumulated depreciation for:					
Buildings and structures	(11,504,951)	(797,741)	-	-	(12,302,692)
General infrastructure	(18,972,268)	(1,401,337)	1,384	-	(20,372,221)
Equipment	(9,785,766)	(1,028,615)	1,142,011	(10,328)	(9,682,698)
Total accumulated depreciation	<u>(40,262,985)</u>	<u>(3,227,693)</u>	<u>1,143,395</u>	<u>(10,328)</u>	<u>(42,357,611)</u>
Total capital assets being depreciated, net	<u>58,009,406</u>	<u>1,158,355</u>	<u>(64,994)</u>	<u>-</u>	<u>59,102,767</u>
Governmental activities capital assets, net	<u>\$ 65,724,439</u>	<u>\$ 2,887,867</u>	<u>\$ (1,911,228)</u>	<u>\$ -</u>	<u>\$ 66,701,078</u>

CITY OF NEWTON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Land	\$ 1,082,579	\$ -	\$ -	\$ -	\$ 1,082,579
Construction in progress	2,839,861	871,523	(3,413,984)	-	297,400
<b>Total capital assets not being depreciated</b>	<b>3,922,440</b>	<b>871,523</b>	<b>(3,413,984)</b>	<b>-</b>	<b>1,379,979</b>
Capital assets being depreciated:					
Buildings and improvements	49,799,397	391,753	-	-	50,191,150
Equipment	10,165,957	818,576	(231,023)	(10,328)	10,743,182
Utility service lines and infrastructure	46,421,017	3,056,813	-	-	49,477,830
<b>Total capital assets being depreciated</b>	<b>106,386,371</b>	<b>4,267,142</b>	<b>(231,023)</b>	<b>(10,328)</b>	<b>110,412,162</b>
Less accumulated depreciation for:					
Buildings and improvements	(14,513,841)	(1,566,573)	-	-	(16,080,414)
Equipment	(7,551,622)	(571,317)	26,229	10,328	(8,086,382)
Utility service lines and infrastructure	(24,857,384)	(1,091,732)	-	-	(25,949,116)
<b>Total accumulated depreciation</b>	<b>(46,922,847)</b>	<b>(3,229,622)</b>	<b>26,229</b>	<b>10,328</b>	<b>(50,115,912)</b>
<b>Total capital assets being depreciated, net</b>	<b>59,463,524</b>	<b>1,037,520</b>	<b>(204,794)</b>	<b>-</b>	<b>60,296,250</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 63,385,964</b>	<b>\$ 1,909,043</b>	<b>\$ (3,618,778)</b>	<b>\$ -</b>	<b>\$ 61,676,229</b>

CITY OF NEWTON, KANSAS  
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(Continued)

Capital asset activity of the discretely presented component units for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
<b>Newton Public Library:</b>					
Capital assets being depreciated:					
Equipment	\$ 933,119	\$ 124,987	\$ (417,150)	\$ -	\$ 640,956
Less accumulated depreciation	(798,743)	(119,855)	417,150	-	(501,448)
Library capital assets, net	<u>\$ 134,376</u>	<u>\$ 5,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,508</u>
<b>Housing Authority:</b>					
Capital assets not being depreciated:					
Land	\$ 119,300	\$ -	\$ -	\$ -	\$ 119,300
Construction in progress	208,250	2,754	(130,051)	-	80,953
Total capital assets not being depreciated	<u>327,550</u>	<u>2,754</u>	<u>(130,051)</u>	<u>-</u>	<u>200,253</u>
Capital assets being depreciated:					
Buildings	7,994,036	130,051	-	-	8,124,087
Equipment - dwelling	454,821	-	(1,547)	-	453,274
Equipment - administration	208,015	29,910	(14,263)	-	223,662
Total capital assets being depreciated	<u>8,656,872</u>	<u>159,961</u>	<u>(15,810)</u>	<u>-</u>	<u>8,801,023</u>
Less accumulated depreciation for:					
Buildings	(5,843,534)	(274,196)	-	-	(6,117,730)
Equipment - dwelling	(455,204)	(453)	1,547	-	(454,110)
Equipment - administration	(182,758)	(8,483)	10,751	-	(180,490)
Total accumulated depreciation	<u>(6,481,496)</u>	<u>(283,132)</u>	<u>12,298</u>	<u>-</u>	<u>(6,752,330)</u>
Total capital assets being depreciated, net	<u>2,175,376</u>	<u>(123,171)</u>	<u>(28,108)</u>	<u>-</u>	<u>2,048,693</u>
Housing Authority capital assets, net	<u>\$ 2,502,926</u>	<u>\$ (120,417)</u>	<u>\$ (158,159)</u>	<u>\$ -</u>	<u>\$ 2,248,946</u>

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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,010,828
Public safety	674,802
Highway and streets	1,367,448
Culture and recreation	174,615
	174,615
Total depreciation expense - governmental activities	\$ 3,227,693
	3,227,693
Business-type activities:	
Sewer	\$ 2,179,584
Sanitation	167,533
Waterworks	444,333
Golf course	285,909
Newton Public Building Commission	152,263
	152,263
Total depreciation expense - business-type activities	\$ 3,229,622
	3,229,622
Component units:	
Newton Public Library	\$ 119,855
	119,855
Housing Authority	\$ 283,132
	283,132

6 - Defined Benefit Pension Plan

General Information About the Pension Plan

*Description of Pension Plan.* The City, the Library and the Housing Authority participate in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERs), a body corporate and an instrumentality of the State of Kansas. KPERs provides pension benefits to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
  - State/School employees
  - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

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Those employees participating in the Pension Plan for the City are included in both the Local and Police and Firemen employee groups.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at [www.kpers.org](http://www.kpers.org).

*Benefits Provided.* Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees (except police and firemen) with ten or more years of credited service may retire as early as age 55 (police and firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points (police and firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan was created for new hires starting January 1, 2015. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

CITY OF NEWTON, KANSAS  
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State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state-wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. KPERS is funded on an actuarial reserve basis.

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the KPERS fiscal year ended June 30, 2020.

The actuarially determined employer contribution rate (not including the 1.0% contribution rate for the Death and Disability Program) and the statutory contribution rate were 8.61% for KPERS and 21.93% for KP&F for the year ended December 31, 2020. Contributions to the Pension Plan from the City were \$ 540,157 for KPERS and \$ 1,243,313 for KP&F for the year ended December 31, 2020. Contributions from the Library for KPERS were \$ 31,848 for the year ended December 31, 2020. Contributions from the Housing Authority for KPERS were \$ 20,017 for the year ended June 30, 2020.

Summary of Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the City reported a total net pension liability of \$ 18,240,269 (\$ 5,667,488 for KPERS and \$ 12,572,781 for KP&F), and the Library reported a liability of \$ 334,162 for KPERS for their proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2020, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020.

At June 30, 2020, the Housing Authority reported a liability of \$ 180,568 for KPERS for its proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2019, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019.

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and non-employer allocations are applied to amounts

CITY OF NEWTON, KANSAS  
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presented in the schedules of pension amounts by employer and non-employer. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS and KP&F, relative to the total employer and non-employer contributions of the Local group and Police and Firemen group within KPERS for the KPERS fiscal year ended June 30, 2020. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2020, the City's proportion for KPERS was 0.326910%, which was a decrease of 0.000685% from its proportion measured as of June 30, 2019. At June 30, 2020, the City's proportion for KP&F was 1.019577%, which was a decrease of 0.008168% from its proportion measured as of June 30, 2019. At June 30, 2020, the Library's proportion for KPERS was 0.019275%, which is an increase of 0.00093% from its proportion measured as of June 30, 2019.

At June 30, 2020, the Housing Authority's proportion for KPERS was 0.012922%, which was a decrease of 0.000679% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized total pension expense of \$ 656,499 for KPERS and \$ 2,035,777 for KP&F, and \$ 45,786 for the Library. For the year ended June 30, 2019, the Housing Authority recognized pension expense of \$ 15,156. At December 31, 2020, the City and the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 462,124	\$ 72,863
Net difference between projected and actual earnings on pension plan investments	1,883,000	-
Changes of assumptions	1,211,694	-
Changes in proportionate share	88,279	491,847
City contributions subsequent to measurement date	990,616	-
Total	\$ 4,635,713	\$ 564,710

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	Library	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,579	\$ 4,296
Net difference between projected and actual earnings on pension plan investments	38,989	-
Changes of assumptions	20,128	-
Changes in proportionate share	15,345	9,220
Library contributions subsequent to measurement date	16,289	-
Total	\$ 96,330	\$ 13,516

At June 30, 2020, the Housing Authority reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	Housing Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 395	\$ 4,547
Net difference between projected and actual earnings on pension plan investments	4,248	-
Changes of assumptions	5,519	366
Changes in proportionate share	-	18,549
Housing Authority contributions subsequent to measurement date	22,267	-
Total	\$ 32,429	\$ 23,462

The \$ 990,616 for the City, \$ 16,289 for the Library, and \$ 22,267 for the Housing Authority reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2021 for the City and the Library and the year ended June 30, 2021 for the Housing Authority. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:



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	Year Ended December 31		Year Ended June 30
	City	Library	Housing Authority
2021	\$ 670,600	\$ 13,295	\$ (1,597)
2022	869,385	17,642	(7,003)
2023	814,857	17,713	(3,382)
2024	697,915	16,973	(1,099)
2025	27,630	902	(219)
	\$ 3,080,387	\$ 66,525	\$ (13,300)

*Actuarial assumptions.* The total pension liability for KPERS in the December 31, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2019	2018
Price inflation	2.75 percent	2.75 percent
Wage inflation	2.75 percent	3.00 percent
Salary increases, including price inflation	3.25 to 11.75 percent	3.50 to 12.00 percent
Long-term rate of return net of investment expense, and including price inflation	7.50 percent	7.75 percent

Changes in actuarial assumptions and methods in the December 31, 2019 actuarial valuation were as follows:

**Both Groups**

- Investment return assumption was lowered from 7.75% to 7.50%.
- General wage growth assumption was lowered from 3.50% to 3.25%.
- Payroll growth assumption was lowered from 3.00% to 2.75%.

**KPERS**

- Retirement rates were adjusted to partially reflect observed experience.
- Termination rates were increased for most KPERS groups.
- Disability rates were reduced.
- Factors for the State group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contribution rates was increased from 0.16% to 0.18%.

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KP&F

- Retirement rates were adjusted to partially reflect observed experience.
- Factors for the KP&F group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contribution rates was increased from 0.16% to 0.18%.

Mortality rates were based on the RP-2014 Mortality Tables, as appropriate, with adjustments for mortality improvements based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

The actuarial assumptions used in the December 31, 2019 and December 31, 2018 valuations were based on the results of actuarial experience studies conducted for the three-year periods ending December 31, 2018 and December 31, 2015, respectively.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (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. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of the most recent experience study, dated January 7, 2020 are summarized in the following tables:

Asset Class	June 30, 2020	
	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	23.50%	5.20%
Non-U.S. Equities	23.50%	6.40%
Private Equity	8.00%	9.50%
Private Real Estate	11.00%	4.45%
Yield Driven	8.00%	4.70%
Real Return	11.00%	3.25%
Fixed Income	11.00%	1.55%
Short Term Investments	4.00%	0.25%
Total	100%	

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Asset Class	June 30, 2019	
	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	47.00%	6.85%
Fixed Income	13.00%	1.25%
Yield Driven	8.00%	6.55%
Real Return	11.00%	1.71%
Real Estate	11.00%	5.05%
Private Equity	8.00%	9.85%
Fixed Income	2.00%	(0.25%)
Total	100%	

*Discount rate.* The discount rate used by KPERS to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KPERS. Future employer contribution rates were also modeled for KP&F assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KP&F. Based on those assumptions, the Pension Plan'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 pension plan 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 collective net pension liability to changes in the discount rate.* The following presents the City's and Library's proportionate share of the collective net pension liability calculated using the discount rate of 7.50% as well as what the proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's KPERS proportionate share of the collective net pension liability	\$ 7,976,424	\$ 5,667,488	\$ 3,726,275
City's KP&F proportionate share of the collective net pension liability	17,208,267	12,572,781	8,701,486
Library's KPERS proportionate share of the collective net pension liability	470,299	334,162	219,706

CITY OF NEWTON, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
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The following presents the Housing Authority's proportionate share of the collective net pension liability calculated using the discount rate of 7.75% as well as what the proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Housing Authority's KPERS proportionate share of the collective net pension liability	\$ 269,683	\$ 180,568	\$ 106,026

*Pension plan fiduciary net position.* Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

7 - Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Assets of the plan, valued at current market prices, are held in trust for the benefit of the participants.

All amounts of compensation deferred under the plan as well as earnings attributable to those amounts, are solely the property of the participant employees. Accordingly, the assets and related liabilities for the plan are not recorded in the accompanying financial statements.

8 - Other Postemployment Benefits

Health Insurance

Plan Description, Benefits Provided and Contributions. The City provides postemployment health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the City. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The medical insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The benefit is available for selection at retirement and is extended to retirees and their dependents until the individuals become eligible for Medicare at age 65. A retiring employee who waives continuing participation in the City's health insurance program at the time of retirement is not eligible to participate at a later date. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a stand-alone financial report.

CITY OF NEWTON, KANSAS  
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 (Continued)

Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 100 percent of the blended premium cost of active employees to maintain coverage. In 2020, retired plan members receiving benefits contributed \$ 78,021 to the plan and the City contributed \$ 128,189.

Employees Covered by Benefit Terms. At December 31, 2020, the following employees were covered by the benefit terms:

Active plan members	199
Inactive employees or beneficiary currently receiving benefits	16
	215

Total OPEB Liability

The City's total OPEB liability of \$ 1,004,582 was measured as of December 31, 2020 and was determined by an actuarial valuation performed as of January 1, 2019.

Actuarial Assumption and Other Inputs. The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	1.96 percent
Salary increases	2.00 percent per year
Healthcare cost trend rates	6.50 percent for 2019, decreasing 0.5 percent for year 2, then decreasing 0.25 percent per year through year 8, to an ultimate rate of 4.50 percent for 2026.
Retirees' share of benefit-related costs	A reduction applies for up to 36 months (not to exceed retiree age 65) from the later of January 1, 2017 or commencement of retiree coverage. After the 36 months retirees may continue coverage by paying the group plan premium.
Actuarial cost method	Entry Age Normal - Level Percent-of-Pay

The discount rate was based on the average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General and Public Safety Mortality Tables using Scale MP-2020 Full Generational Improvement.

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(Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2019	\$ 860,273
Changes for the year:	
Service cost	52,089
Interest	25,448
Differences between actual and expected experience	17,655
Changes in assumptions or other inputs	177,306
Benefit payments	(128,189)
Net changes	144,309
Balance at December 31, 2020	\$ 1,004,582

Changes of assumptions and other inputs reflect a change in the discount rate from 3.00 percent in 2019 to 1.96 percent in 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.96 percent) or 1-percentage-point higher (2.96 percent) than the current discount rate:

	1% Decrease (0.96%)	Discount Rate (1.96%)	1% Increase (2.96%)
Total OPEB liability	\$ 1,140,709	\$ 1,004,582	\$ 883,505

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.00%)	Healthcare Cost Trend Rates (6.00%)	1% Increase (7.00%)
Total OPEB liability	\$ 836,268	\$ 1,004,582	\$ 1,211,120

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OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB

For the year ended December 31, 2020, the City recognized OPEB expense of \$ 86,210. At December 31, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions or other inputs	\$ 214,570	\$ (167,908)
Differences between expected and actual experience	53,282	-
	\$ 267,852	\$ (167,908)

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,		
2021	\$	8,673
2022		8,673
2023		8,673
2024		8,673
2025		8,673
2026 and Therafter		56,579
	\$	99,944

Disability Benefits and Life Insurance

Plan Description, Benefits Provided and Contributions. The City and the Library participate in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended December 31, 2020 totaled \$ 11,466 and \$ 0 for the City and the Library, respectively.

CITY OF NEWTON, KANSAS  
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Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 $\frac{2}{3}$  percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$ 100 and a maximum of \$ 5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65<sup>th</sup> birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Employees Covered by Benefit Terms. As of the valuation date of December 31, 2019, the following employees were covered by the benefit terms.

City

Active plan members	110
Inactive employees or beneficiary currently receiving benefits	1
	111

Library

Active plan members	9
Inactive employees or beneficiary currently receiving benefits	0
	9

Total OPEB Liability

The total OPEB liability for the City and the Library of \$ 195,541 and \$ 5,148, respectively, was measured as of June 30, 2020 and was determined by an actuarial valuation performed as of December 31, 2019.



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	Total OPEB Liability	
	City	Library
Balance at December 31, 2019	\$ 180,137	\$ 3,976
Changes for the year:		
Service cost	22,865	857
Interest	6,906	169
Differences between actual and expected experience	(15,470)	(247)
Changes in assumptions or other inputs	12,569	393
Benefit payments	(11,466)	-
Net changes	15,404	1,172
Balance at December 31, 2020	\$ 195,541	\$ 5,148

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.21 percent
Implicit inflation rate	2.75 percent
Mortality rates	Local Males: 90% of RP-2014 M Total Dataset +2 Local Females: 90% of RP-2014 F Total Dataset +1 Generational mortality improvements were projected for future years using MP-2020.
Salary increases	3.50 percent (composed of 2.75 percent inflation and 0.75 percent productivity)
Payroll growth	3.00 percent
Actuarial cost method	Entry Age Normal

The discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Bond Index.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2016 through December 31, 2018.

Changes and items of impact relative to the prior valuation were as follows.

1. The discount rate was updated in accordance with the requirements of GASB 75.
2. The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

CITY OF NEWTON, KANSAS  
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Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City and the Library, as well as what the City and the Library's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	City		
	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 200,837	\$ 195,541	\$ 189,194

	Library		
	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 5,269	\$ 5,148	\$ 4,988

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following represents the total OPEB liability of the City and the Library as well as what the City and the Library's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	City		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 195,541	\$ 195,541	\$ 195,541

	Library		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 5,148	\$ 5,148	\$ 5,148

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the City and the Library recognized OPEB expense of \$ 22,477 and \$ 697, respectively. At December 31, 2020, the City and the Library reported deferred outflows and inflows of resources related to OPEB from the following sources:

CITY OF NEWTON, KANSAS  
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	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions or other inputs	\$ 13,172	\$ 4,459
Differences between expected and actual experience	-	60,615
Benefit payments subsequent to the measurement date	34,070	-
	\$ 47,242	\$ 65,074

	Library	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions or other inputs	\$ 398	\$ 188
Differences between expected and actual experience	-	2,629
Benefit payments subsequent to the measurement date	1,892	-
	\$ 2,290	\$ 2,817

The deferred outflows of resources related to the benefit payments subsequent to the measurement date totaling \$ 34,070 and \$ 1,892 for the City and the Library, respectively, consists of payments made to KPERS for benefits and administrative costs and will be recognized as a reduction in the total OPEB liability during the year ended December 31, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	
2021	\$ (7,294)
2022	(7,294)
2023	(7,294)
2024	(7,294)
2025	(7,294)
2026 and Therafter	(15,432)
	\$ (51,902)

CITY OF NEWTON, KANSAS  
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Year Ended December 31,		
2021	\$	(329)
2022		(329)
2023		(329)
2024		(329)
2025		(329)
2026 and Thereafter		(774)
	\$	(2,419)

Aggregate OPEB Information

	Balances at December 31, 2020		
	Health Insurance	Disability Benefits and Life Insurance	Total
Total OPEB Liability	\$ 1,004,582	\$ 195,541	\$ 1,200,123
Deferred outflows of resources	267,852	47,242	315,094
Deferred inflows of resources	167,908	65,074	232,982
OPEB expense	86,210	22,477	108,687

9 - Risk Management and Claims

The City is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

Property, Liability and Employee Life Insurance

Losses under these programs are covered by commercial insurance policies, subject to deductibles in some cases. There have been no significant reductions in insurance coverage for these programs and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Workers' Compensation Coverage

The City is a member of the Kansas Municipal Insurance Trust Workers' Compensation Pool (the Pool) for purposes of workers' compensation coverage. This program is similar to commercial insurance coverage because the Pool is liable for all claims. The City contributes to the Pool at the beginning of each coverage period based on experience and payroll factors. The City records a liability for estimated additional contributions that may be incurred because of adjustments made by the Pool. The cost of this workers' compensation coverage is charged to City funds based on payroll expenditures.

CITY OF NEWTON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

Employee Health Care Benefits

During the year ended December 31, 2020, employees of the City were covered by the City of Newton Medical Benefits Plan (the Plan). Under the Plan, the City retains a significant portion of the risk of loss for employee health benefits. Claims are paid by a third-party administrator acting on behalf of the City. The administrative contract between the City and the third-party administrator is renewable annually. Administrative fees and stop-loss premiums are included in the contractual provisions.

The City is protected against catastrophic loss by stop-loss coverage carried through a commercial insurance carrier. Stop-loss coverage is in effect for individual claims exceeding \$ 75,000 and for aggregate loss, which is based on a factor determined monthly by the insurer.

The risk management activities under the Plan are recorded in the Health Benefit Risk Management Fund. Using the actuarial method, the City charges the cost of estimated benefits to funds in relation to personal services expenditures. An estimated liability is recorded for claims against the Plan that have been incurred but not yet reported at year end. The following represents the changes in the liability for unreported claims under the plan for 2020 and 2019:

	2020	2019
Liability balance, beginning	\$ 161,824	\$ 113,707
Health benefit claims incurred	2,445,027	2,687,731
Add premiums and fees	203,961	213,379
	2,810,812	3,014,817
Total costs incurred	2,810,812	3,014,817
Less claims paid	(2,493,629)	(2,639,614)
Less premiums and fees paid	(203,961)	(213,379)
	\$ 113,222	\$ 161,824
Liability balance, ending	\$ 113,222	\$ 161,824

CITY OF NEWTON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 26,274,515	\$ 14,015,372	\$ 6,872,983	\$ 33,416,904	\$ 3,114,212
Plus deferred amounts:					
Issuance premiums	723,561	787,062	155,234	1,355,389	-
Guaranteed industrial revenue					
bonds - direct borrowing	6,132,099	-	6,132,099	-	-
Compensated absences	512,390	560,933	512,390	560,933	560,933
Total OPEB liability	972,075	304,532	150,277	1,126,330	-
Net pension liability	12,863,002	2,684,077	-	15,547,079	-
Governmental activities long-term liabilities	<u>\$ 47,477,642</u>	<u>\$ 18,351,976</u>	<u>\$ 13,822,983</u>	<u>\$ 52,006,635</u>	<u>\$ 3,675,145</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
General obligation bonds	\$ 10,855,485	\$ 3,364,628	\$ 1,327,017	\$ 12,893,096	\$ 1,240,788
NPBC revenue bonds - direct					
borrowing	4,895,000	-	855,000	4,040,000	855,000
Plus (less) deferred amounts:					
Issuance premiums	458,035	226,843	45,646	639,232	-
KDHE revolving loans payable -					
direct borrowing	17,673,098	-	2,208,823	15,464,275	1,139,452
Compensated absences	80,691	82,688	80,691	82,688	82,688
Total OPEB liability	68,335	10,306	4,848	73,793	-
Net pension liability	2,116,739	576,451	-	2,693,190	-
Business-type activities long-term liabilities	<u>\$ 36,147,383</u>	<u>\$ 4,260,916</u>	<u>\$ 4,522,025</u>	<u>\$ 35,886,274</u>	<u>\$ 3,317,928</u>

CITY OF NEWTON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Newton Public Library:</b>					
Compensated absences	\$ 11,557	\$ 225	\$ -	\$ 11,782	\$ 11,782
Net pension liability	256,348	77,814	-	334,162	-
Total OPEB liability	3,976	1,419	247	5,148	-
Library long-term liabilities	\$ 271,881	\$ 79,458	\$ 247	\$ 351,092	\$ 11,782
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Newton Housing Authority:</b>					
Compensated absences	\$ 10,245	\$ 14,398	\$ 10,245	\$ 14,398	\$ 14,398
Net pension liability	189,569	-	9,001	180,568	-
Newton Housing Authority long-term liabilities	\$ 199,814	\$ 14,398	\$ 19,246	\$ 194,966	\$ 14,398

For the governmental activities, compensated absences, net pension liability, and the total OPEB liability are generally liquidated by the general fund and the airport fund.

General Obligation Bonds

At December 31, 2020, the outstanding general obligation bonds consisted of the following:

	Interest Rates	Outstanding 12/31/20	Original Amount
Airport refunding, 2004-B	5.250-6.000%	\$ 160,000	\$ 515,000
GO Refunding, 2012-A	2.000-2.100	1,475,000	3,570,000
Internal improvements/refunding, 2013-A	2.000-4.000	7,320,000	9,595,000
Internal improvements, 2015-B	2.000-3.100	710,000	1,130,000
Internal improvements, 2015-C	3.000	2,570,000	2,570,000
Internal improvements, 2015-D	2.000-3.000	1,665,000	2,500,000
GO Refunding, 2016-A	1.500-4.000	11,710,000	13,425,000
Internal improvements, 2018-A	3.000-4.000	2,000,000	2,125,000
Taxable GO bonds, 2018-B	3.000-4.100	1,320,000	1,490,000
Taxable GO refunding and improvement, 2020-A	3.000-3.450	6,015,000	6,015,000
GO refunding and improvement, 2020-B	2.000-3.500	9,575,000	9,575,000
GO tax increment financing refunding, 2020-C	2.000-3.000	1,790,000	1,790,000
		<u>\$ 46,310,000</u>	

Remaining debt service requirements for general obligation bonds will be paid from the bond and interest fund with future property tax revenues, special assessment taxes, and enterprise funds. A portion of the general obligation bond principal represents special assessment debt with government commitment to pay

CITY OF NEWTON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

the principal and interest if the special assessments are not paid by the applicable property owners. Annual debt service requirements to maturity for general obligation bonds are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 3,114,212	\$ 984,137	\$ 1,240,788	\$ 343,913
2022	2,821,569	913,773	1,168,431	337,900
2023	2,896,430	828,312	1,198,570	300,570
2024	3,006,353	740,213	1,248,647	262,192
2025	2,728,443	658,501	1,221,557	231,781
2026-2030	10,665,369	2,131,287	4,114,631	668,083
2031-2035	5,758,181	870,805	1,676,819	232,418
2036-2040	2,426,347	146,994	1,023,653	60,247
	\$ 33,416,904	\$ 7,274,022	\$ 12,893,096	\$ 2,437,104

Water Fund Revolving Loans

The City has two loans with the Kansas Department of Health and Environment (KDHE) to provide funding for City waterworks improvements.

Terms of the individual loans are as follows:

Year of Inception	Interest Rate	Term	Outstanding December 31, 2020
2009	3.37%	20 years	\$ 921,433
2009	3.75%	20 years	314,327
			\$ 1,235,760



CITY OF NEWTON, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 (Continued)

Future principal payments on the Waterworks revolving loans are scheduled as follows:

2021	\$	121,277
2022		125,522
2023		129,917
2024		134,465
2025		139,174
2026-2030		585,405
		585,405
	\$	1,235,760

Sewer Fund Revolving Loans

The City has three loans with KDHE to provide funding for the City wastewater treatment improvements. Terms of the individual loans are as follows:

Year of Inception	Interest Rate	Term	Outstanding December 31, 2020
2002	3.03%	20 years	\$ 142,690
2008	2.85%	20 years	3,663,121
2014	2.83%	20 years	10,422,704
			10,422,704
			\$ 14,228,515

Future principal payments on these loans are scheduled as follows:

2021	\$	1,018,175
2022		1,052,990
2023		1,008,595
2024		1,037,417
2025		1,067,064
2026-2030		5,342,908
2031-2034		3,701,366
		3,701,366
	\$	14,228,515

CITY OF NEWTON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

Revenue Bonds

The NPBC has issued revenue bonds to finance athletic field improvements and to construct the Sand Creek Station Golf Course. At December 31, 2020, the outstanding NPBC revenue bonds consisted of the following:

	Interest Rates	Outstanding December 31, 2020	Original Amount
Series 2004	4.36%	\$ 940,000	\$ 2,685,000
2012 Refunding	2.00-2.40%	3,100,000	5,915,000
Principal balance		<u>\$ 4,040,000</u>	

Debt service requirement to maturity for revenue bonds are as follows:

	Principal	Interest	Total
2021	\$ 855,000	\$ 98,076	\$ 953,076
2022	850,000	75,581	925,581
2023	855,000	52,062	907,062
2024	865,000	27,385	892,385
2025	615,000	7,380	622,380
	<u>\$ 4,040,000</u>	<u>\$ 260,484</u>	<u>\$ 4,300,484</u>

11 - Nonexchange Financial Guarantee of Industrial Revenue Bonds

In 2014, the City issued Industrial Revenue Bonds (IRB) to fund a facility for a local Company and the facility was leased to the Harvey County Economic Development Council (EDC), a Kansas not-for-profit corporation. The EDC was obligated to sublease the facility to the Company in exchange for rental payments and the EDC agreed to remit all rental payments received from the Company to the City to satisfy the financial obligations of the EDC. The City agreed to assist the EDC in meeting its financial obligations for payment of the rental payments under the lease as the Company's presence in the City was to be of significant economic benefit to the City, its citizens and the surrounding communities. The City made periodic economic development grants to the EDC in amounts necessary to provide the difference between the rent received from the Company and the amount of rent required to pay the debt service requirements on the IRB's. In 2018, the local Company incurred financial difficulty, and was not able to make the required minimum payments. The City was forced to intervene and became responsible for all of the future monthly debt service payments beginning with the December 1, 2018 payment.

During the year ended December 31, 2020, the City issued GO Bond Series 2020-A to pay off the debt. As of December 31, 2020, the balance of the IRB's was \$ 0.

CITY OF NEWTON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

12 - Commitments and Contingencies

Litigation – The City is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, in the opinion of the City Attorney, the resolution of these matters will not have a material adverse effect on the City's financial statements.

Federal Grants – In the normal course of operation, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

Encumbrances – The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for cash expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2020, the City had no recorded encumbrances in budgeted governmental funds.

Risks and Uncertainties – On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the City operates. On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the pandemic.

It is unknown how long the adverse conditions associated with the pandemic will last and what the complete financial effect will be to the City. While management cannot quantify the financial and other impacts to the City, management believes that a material impact on the City's financial position and results of future operations is reasonably possible.

13 - Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2020, three City-issued Industrial Revenue bond issues were outstanding with a total balance of \$ 9,699,707.

CITY OF NEWTON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

14 - Joint Venture - Public Wholesale Water Supply District No. 17

During 1997, the City of Newton entered into an agreement with the cities of Halstead, North Newton and Sedgwick to form the Public Wholesale Water Supply District No. 17 (the District). The purpose of the District is to secure an additional water supply for sale to member cities and other potential customers. The City of Newton has contributed \$ 40,000 in capital to the District. As there is no explicit, measurable equity interest for the City, the City has not recorded an asset related to this joint venture.

Separate financial statements for the District can be obtained from the District's office located at City of Newton administration building (201 East Sixth, Newton, Kansas 67114-0426).

CITY OF NEWTON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

15 - Interfund Transfers

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which resources are received to the fund where resources will be expended. The City uses transfers from business activities to provide support for general government, and to provide funding from government activities for specific capital needs. Transfers for the year were as follows:

Transfers out	Transfers in								Total
	General	Bond & Interest	Capital Projects	Nonmajor Governmental	Sewer	Waterworks	Golf Course	Internal Service Funds	
General	\$ -	\$ 825,200	\$ 308,205	\$ -	\$ 100,090	\$ -	\$ 720,000	\$ -	\$ 1,953,495
Bond & Interest	-	-	-	-	1,067,980	291,326	-	-	1,359,306
Nonmajor governmental	653,871	134,331	-	52,050	7,000	-	-	-	847,252
Sewer	1,402,598	1,082,783	3,235,814	20,000	-	-	-	61,648	5,802,843
Waterworks	828,629	291,326	-	39,400	-	-	-	61,648	1,221,003
Sanitation	189,273	-	-	-	-	-	-	33,324	222,597
	<u>\$ 3,074,371</u>	<u>\$ 2,333,640</u>	<u>\$ 3,544,019</u>	<u>\$ 111,450</u>	<u>\$ 1,175,070</u>	<u>\$ 291,326</u>	<u>\$ 720,000</u>	<u>\$ 156,620</u>	<u>\$ 11,406,496</u>

CITY OF NEWTON, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 (Continued)

16 - Interfund Receivable/Payable

Advances from/to Other Funds

During 2005, the City entered into an agreement with the Newton Public Building Commission (NPBC) to provide funding for the Sand Creek Station Golf Course which was completed during 2006. Under the agreement, the City will make lease payments equal to the NPBC debt incurred to acquire, improve and equip the course. An equal amount was recorded on the NPBC's financial statements when the course assets were transferred to the City, and recorded in the golf course fund. The required minimum lease payments, based on the NPBC's debt requirements, are as follows:

2021	\$	706,670
2022		673,658
2023		645,385
2024		626,718
2025		622,380
		3,274,811
Less portion attributed to interest		(536,411)
	\$	2,738,400

During 2018, NPBC entered into an agreement with the City to provide funding for the Centennial Park Restroom and Concession Project which was completed during 2018. Under the agreement, NPBC will make lease payments equal to the expense incurred by the City to complete the project. The outstanding balance of the advance was \$ 122,400 at December 31, 2020.

Due to/from Other Funds

Interfund receivables and payable are recorded to eliminate negative cash balances in capital project and other funds prior to the issuance of permanent long-term financing. At December 31, 2020, the interfund balances consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	\$ 1,298,939	\$ -
Capital projects	-	(1,298,939)
	\$ 1,298,939	\$ (1,298,939)

CITY OF NEWTON, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

17 - Tax Abatements

The City of Newton and Harvey County enter into property tax abatement agreements with local businesses for the purpose of attracting businesses within their jurisdictions. For the fiscal year ended December 31, 2020, abated property taxes that impacted the City totaled \$ 475,609, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A property tax abatement to a holdings company. The City's portion of the abatement amounted to \$ 73,074.
- A property tax abatement for the City of Newton, KS on an Industrial Revenue Bond. The City's portion of the abatement amounted to \$ 77,864.
- A property tax abatement to a foam manufacturer. The City's portion of the abatement amounted to \$ 107,966.
- A property tax abatement to a developer and manufacturer of advanced composite materials for aircraft and space. The City's portion of the abatement amounted to \$ 216,705.

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# Financial Section

## Supplemental Information



*REQUIRED SUPPLEMENTARY INFORMATION*

CITY OF NEWTON, KANSAS  
Schedule of the City's Proportionate Share of the Collective Net Pension Liability  
Kansas Public Employees Retirement System  
Last Seven Fiscal Years\*

	2020	2019	2018	2017	2016	2015	2014
City's proportion of the collective net pension liability							
KPERS	0.326910%	0.327595%	0.334374%	0.332957%	0.367572%	0.364582%	0.361789%
KP&F	1.019577%	1.027745%	1.051132%	1.029023%	1.083101%	1.102692%	1.097784%
City's proportionate share of the collective net pension liability	\$ 18,240,269	\$ 14,979,741	\$ 14,774,481	\$ 14,472,812	\$ 15,745,894	\$ 12,793,964	\$ 11,652,675
City's covered payroll	\$ 11,745,411	\$ 11,535,439	\$ 11,336,340	\$ 11,039,244	\$ 11,415,983	\$ 11,109,928	\$ 10,815,790
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	155%	130%	130%	131%	138%	115%	108%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%

\* GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.

CITY OF NEWTON, KANSAS  
 NEWTON PUBLIC LIBRARY  
 Schedule of the Library's Proportionate Share of the Collective Net Pension Liability  
 Kansas Public Employees Retirement System  
 Last Seven Fiscal Years\*

	2020	2019	2018	2017	2016	2015	2014
Library's proportion of the collective net pension liability							
KPERs	0.019275%	0.018345%	0.018949%	0.018307%	0.019479%	0.018471%	0.018727%
Library's proportionate share of the collective net pension liability	\$ 334,162	\$ 256,348	\$ 264,109	\$ 265,169	\$ 301,346	\$ 242,532	\$ 230,494
Library's covered payroll	\$ 363,873	\$ 339,475	\$ 339,130	\$ 324,491	\$ 333,636	\$ 308,532	\$ 307,672
Library's proportionate share of the collective net pension liability as a percentage of its covered payroll	92%	76%	78%	82%	90%	79%	75%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%

\* GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.

CITY OF NEWTON, KANSAS  
 NEWTON HOUSING AUTHORITY  
 Schedule of the Housing Authority's Proportionate Share of the Collective Net Pension Liability  
 Kansas Public Employees Retirement System  
 Last Six Fiscal Years\*

	2020	2019	2018	2017	2016	2015
Housing Authority's proportion of the collective net pension liability						
KPERS	0.012922%	0.013601%	0.014371%	0.014975%	0.014994%	0.154300%
Housing Authority's proportionate share of the collective net pension liability	\$ 180,568	\$ 189,569	\$ 208,158	\$ 231,668	\$ 196,878	\$ 189,914
Housing Authority's covered payroll	\$ 239,840	\$ 243,398	\$ 254,956	\$ 256,721	\$ 250,357	\$ 253,669
Housing Authority's proportionate share of the collective net pension liability as a percentage of its covered payroll	75%	78%	82%	90%	79%	75%
Plan fiduciary net position as a percentage of the total pension liability	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%

\* GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2015.

CITY OF NEWTON, KANSAS  
Schedule of the City's Contributions  
Kansas Public Employees Retirement System  
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
KPERS contractually required contributions	\$ 540,157	\$ 531,381	\$ 504,211	\$ 520,799	\$ 580,045	\$ 587,308	\$ 527,224	\$ 465,230	\$ 406,455	\$ 368,665
KP&F contractually required contributions	1,243,313	1,167,096	1,045,685	1,014,326	1,050,678	1,097,368	996,198	847,528	772,158	669,651
Contributions in relation to the contractually required contribution	(1,783,470)	(1,698,477)	(1,549,896)	(1,535,125)	(1,630,723)	(1,684,676)	(1,523,424)	(1,312,756)	(1,178,735)	(1,038,497)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2)	\$ 2	\$ (122)	\$ (181)
City's covered payroll	\$ 12,446,094	\$ 11,584,455	\$ 11,396,824	\$ 11,186,375	\$ 11,297,360	\$ 11,284,441	\$ 10,912,626	\$ 10,670,233	\$ 10,158,147	\$ 9,816,398
Contributions as a percentage of covered payroll	14.3%	14.7%	13.6%	13.7%	14.4%	14.9%	14.0%	12.3%	11.6%	10.6%

CITY OF NEWTON, KANSAS  
 NEWTON PUBLIC LIBRARY  
 Schedule of the Library's Contributions  
 Kansas Public Employees Retirement System  
 Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 31,848	\$ 29,304	\$ 28,573	\$ 28,049	\$ 29,496	\$ 31,136	\$ 27,191	\$ 23,944	\$ 21,752	\$ 18,973
Contributions in relation to the contractually required contribution	<u>(31,848)</u>	<u>(29,304)</u>	<u>(28,573)</u>	<u>(28,049)</u>	<u>(29,496)</u>	<u>(31,136)</u>	<u>(27,191)</u>	<u>(23,944)</u>	<u>(21,752)</u>	<u>(18,973)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Library's covered payroll	\$ 367,797	\$ 349,752	\$ 342,698	\$ 331,552	\$ 322,340	\$ 328,439	\$ 307,591	\$ 301,556	\$ 296,349	\$ 278,833
Contributions as a percentage of covered payroll	8.7%	8.4%	8.3%	8.5%	9.2%	9.5%	8.8%	7.9%	7.3%	6.8%



CITY OF NEWTON, KANSAS  
 NEWTON HOUSING AUTHORITY  
 Schedule of the Housing Authority's Contributions  
 Kansas Public Employees Retirement System  
 Last Six Fiscal Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 20,017	\$ 20,725	\$ 20,509	\$ 22,478	\$ 23,954	\$ 22,930
Contributions in relation to the contractually required contribution	<u>(20,017)</u>	<u>(20,725)</u>	<u>(20,509)</u>	<u>(22,478)</u>	<u>(23,954)</u>	<u>(22,930)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Housing Authority's covered payroll	\$ 228,597	\$ 239,840	\$ 243,398	\$ 254,966	\$ 256,721	\$ 250,357
Contributions as a percentage of covered payroll	8.8%	8.6%	8.4%	8.8%	9.3%	9.2%

\* GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2015.

CITY OF NEWTON, KANSAS  
Schedule of Changes in the City's Total OPEB Liability and Related Ratios  
Health Insurance  
Last Four Fiscal Years\*

	2020	2019	2018	2017
Total OPEB liability:				
Service cost	\$ 52,089	\$ 56,591	\$ 56,079	\$ 48,339
Interest	25,448	37,367	31,141	32,745
Differences between expected and actual experience	17,655	43,709	-	-
Changes of assumptions	177,306	(198,437)	24,688	46,595
Benefit payments	(128,189)	(75,545)	(40,740)	(49,613)
Net change in total OPEB liability	144,309	(136,315)	71,168	78,066
Total OPEB liability, beginning	860,273	996,588	925,420	847,354
Total OPEB liability, ending	<u>\$ 1,004,582</u>	<u>\$ 860,273</u>	<u>\$ 996,588</u>	<u>\$ 925,420</u>
Covered payroll	\$ 10,488,071	\$ 10,488,071	\$ 10,554,613	\$ 10,554,613
City's total OPEB liability as a percentage of covered payroll	9.58%	8.20%	9.44%	8.77%

Notes to Schedule:

Changes of assumptions:

- The assumed salary scale was changed from 3.0% to 2.0%.
- Update retirement, turnover and disability assumptions based on the latest available data from the KPERS valuation report.
- The mortality assumption was changed from Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-Weighted Mortality with MP-2019 Full Generational Improvement to the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted Public Safety and General Mortality Tables using Scale MP-2020 Full Generational Improvement.
- The discount rate was changed from 3.00% to 1.96% for the end of year measurement.
- Retiree contribution premiums and administrative costs were updated to reflect the 2021 renewal.

\*GASB 75 requires the presentation of 10 years. Data was not available prior to fiscal year 2017. Therefore, 10 years of data is unavailable.

CITY OF NEWTON, KANSAS  
Schedule of Changes in the City's Total OPEB Liability and Related Ratios  
Disability Benefits and Life Insurance  
Last Four Fiscal Years\*

	2020	2019	2018	2017
Total OPEB liability:				
Service cost	\$ 22,865	\$ 22,702	\$ 22,512	\$ 23,703
Interest	6,906	8,024	8,134	6,215
Changes of economic/demographic gains or losses	(15,470)	(30,409)	(32,663)	-
Changes of assumptions	12,569	2,358	(2,009)	(5,231)
Benefit payments	(11,466)	(14,195)	(17,824)	(10,958)
Net change in total OPEB liability	15,404	(11,520)	(21,850)	13,729
Total OPEB liability, beginning	180,137	191,657	213,507	199,778
Total OPEB liability, ending	<u>\$ 195,541</u>	<u>\$ 180,137</u>	<u>\$ 191,657</u>	<u>\$ 213,507</u>
Covered payroll	\$ 5,627,920	\$ 5,572,068	\$ 5,784,433	\$ 5,665,109
City's total OPEB liability as a percentage of covered payroll	3.47%	3.23%	3.31%	3.77%

Notes to Schedule:

*Changes of assumptions:*

- The discount rate was decreased from 3.50% to 2.21% in accordance with the requirements of GASB 75.
- The mortality projection scale was updated to the most recent table published by the Society of Actuaries.
- The demographic assumptions have been updated based upon the most recent KPERS experience study.

\*GASB 75 requires the presentation of 10 years. Data was not available prior to fiscal year 2017. Therefore, 10 years of data is unavailable.

CITY OF NEWTON, KANSAS  
 NEWTON PUBLIC LIBRARY  
 Schedule of Changes in the Library's Total OPEB Liability and Related Ratios  
 Disability Benefits and Life Insurance  
 Last Four Fiscal Years\*

	2020	2019	2018	2017
Total OPEB liability:				
Service cost	\$ 857	\$ 899	\$ 895	\$ 967
Interest	169	239	207	141
Changes of economic/demographic gains or losses	(247)	(2,495)	(613)	-
Changes of assumptions	393	57	(95)	(21)
Benefit payments	-	-	-	-
Net change in total OPEB liability	1,172	(1,300)	394	1,087
Total OPEB liability, beginning	3,976	5,276	4,882	3,795
Total OPEB liability, ending	\$ 5,148	\$ 3,976	\$ 5,276	\$ 4,882
Covered payroll	\$ 344,449	\$ 314,096	\$ 331,551	\$ 321,340
Library's total OPEB liability as a percentage of covered payroll	1.49%	1.27%	1.59%	1.52%

Notes to Schedule:

*Changes of assumptions:*

- The discount rate was decreased from 3.50% to 2.21% in accordance with the requirements of GASB 75.
- The mortality projection scale was updated to the most recent table published by the Society of Actuaries.
- The demographic assumptions have been updated based on the most recent KPERs experience study.

\*GASB 75 requires the presentation of 10 years. Data was not available prior to fiscal year 2017. Therefore, 10 years of data is unavailable.

CITY OF NEWTON, KANSAS  
 COMBINING BALANCE SHEET  
 GENERAL FUND  
 December 31, 2020

	General	Capital Improvement Reserve	Admin Contingency	Municipal Equipment Reserve	RHID	RHID 2	Meridian Center	Meridian Center Special Reserve	Total General Fund
<b>Assets:</b>									
Cash and investments	\$ 3,107,707	\$ 2,704,892	\$ 945,053	\$ 2,497,130	\$ -	\$ -	\$ 57,403	\$ 76,422	\$ 9,388,607
Due from other funds	1,298,939	-	-	-	-	-	-	-	1,298,939
<b>Receivables:</b>									
Property tax	5,210,111	-	-	-	-	-	-	-	5,210,111
Sales tax	970,806	-	-	-	-	-	-	-	970,806
Franchise tax	154,966	-	-	-	-	-	-	-	154,966
Accounts receivable	440,227	-	-	-	-	-	22,268	-	462,495
Other	29,902	-	-	-	-	-	-	-	29,902
Inventory	-	-	-	-	-	-	4,755	-	4,755
Prepaid items	138,538	-	-	-	-	-	-	-	138,538
<b>Total assets</b>	<b>\$ 11,351,196</b>	<b>\$ 2,704,892</b>	<b>\$ 945,053</b>	<b>\$ 2,497,130</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 84,426</b>	<b>\$ 76,422</b>	<b>\$ 17,659,119</b>
<b>Liabilities:</b>									
Accounts payable	\$ 200,362	\$ 4,843	\$ -	\$ 9,856	\$ -	\$ -	\$ 22,657	\$ -	\$ 237,718
Accrued expenditures	148,543	-	-	-	-	-	-	-	148,543
Unearned revenue	103,951	-	-	-	-	-	4,150	-	108,101
<b>Total liabilities</b>	<b>452,856</b>	<b>4,843</b>	<b>-</b>	<b>9,856</b>	<b>-</b>	<b>-</b>	<b>26,807</b>	<b>-</b>	<b>494,362</b>
<b>Deferred inflows of resources:</b>									
Unavailable revenue - property and special assessment taxes	5,210,111	-	-	-	-	-	-	-	5,210,111
<b>Total deferred inflows of resources</b>	<b>5,210,111</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,210,111</b>
<b>Fund balances:</b>									
<b>Nonspendable:</b>									
Prepaid items	138,538	-	-	-	-	-	-	-	138,538
Inventory	-	-	-	-	-	-	4,755	-	4,755
<b>Assigned:</b>									
Capital asset acquisition	-	2,700,049	-	2,487,274	-	-	-	-	5,187,323
Other purposes	-	-	-	-	-	-	52,864	76,422	129,286
Unassigned	5,549,691	-	945,053	-	-	-	-	-	6,494,744
<b>Total fund balances</b>	<b>5,688,229</b>	<b>2,700,049</b>	<b>945,053</b>	<b>2,487,274</b>	<b>-</b>	<b>-</b>	<b>57,619</b>	<b>76,422</b>	<b>11,954,646</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 11,351,196</b>	<b>\$ 2,704,892</b>	<b>\$ 945,053</b>	<b>\$ 2,497,130</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 84,426</b>	<b>\$ 76,422</b>	<b>\$ 17,659,119</b>

CITY OF NEWTON, KANSAS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - GENERAL FUND  
 Year Ended December 31, 2020

	General	Capital Improvement Reserve	Admin Contingency	Municipal Equipment Reserve	RHID	RHID2	Meridian Center	Meridian Center Special Reserve	Eliminations	Total General Fund
<b>Revenues:</b>										
<b>Taxes:</b>										
Property taxes	\$ 6,041,277	\$ 129,595	\$ -	\$ -	\$ 35,304	\$ 45,335	\$ -	\$ -	\$ -	\$ 6,251,511
Sales taxes	5,490,136	-	-	-	-	-	-	-	-	5,490,136
Franchise taxes	1,468,435	-	-	-	-	-	-	-	-	1,468,435
Intergovernmental	685,760	-	-	12,481	-	-	-	-	-	698,241
Licenses and permits	246,223	-	-	-	-	-	-	-	-	246,223
Charges for services	2,079,758	-	-	-	-	-	145,444	-	-	2,225,202
Fines, forfeitures and penalties	465,551	-	-	-	-	-	-	-	-	465,551
Interest	200,885	-	-	-	-	-	325	-	-	201,210
Other	50,829	68,001	-	19,483	-	-	21,104	-	-	159,417
<b>Total revenues</b>	<b>16,728,854</b>	<b>197,596</b>	<b>-</b>	<b>31,964</b>	<b>35,304</b>	<b>45,335</b>	<b>166,873</b>	<b>-</b>	<b>-</b>	<b>17,205,926</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	2,474,841	23,246	-	3,092	35,304	45,335	386,725	-	-	2,968,543
Public safety	9,888,658	-	-	-	-	-	-	-	-	9,888,658
Highway and streets	2,512,205	-	-	-	-	-	-	-	-	2,512,205
Culture and recreation	1,129,287	-	-	-	-	-	-	-	-	1,129,287
Capital outlay	35,887	44,613	-	1,283,363	-	-	-	20,892	-	1,384,755
<b>Debt service:</b>										
Principal	-	108,910	-	-	-	-	-	-	-	108,910
Interest	-	240,158	-	-	-	-	-	-	-	240,158
<b>Total expenditures</b>	<b>16,040,878</b>	<b>416,927</b>	<b>-</b>	<b>1,286,455</b>	<b>35,304</b>	<b>45,335</b>	<b>386,725</b>	<b>20,892</b>	<b>-</b>	<b>18,232,516</b>
Excess (deficiency) of revenues over (under) expenditures	687,976	(219,331)	-	(1,254,491)	-	-	(219,852)	(20,892)	-	(1,026,590)
<b>Other financing sources (uses):</b>										
Transfers in	2,877,581	1,966,009	50,000	1,298,044	-	-	200,000	50,000	(3,367,263)	3,074,371
Transfers out	(3,951,654)	(1,339,104)	-	(30,000)	-	-	-	-	3,367,263	(1,953,495)
Sales of capital assets	-	-	-	81,690	-	-	-	-	-	81,690
<b>Total other financing sources (uses)</b>	<b>(1,074,073)</b>	<b>626,905</b>	<b>50,000</b>	<b>1,349,734</b>	<b>-</b>	<b>-</b>	<b>200,000</b>	<b>50,000</b>	<b>-</b>	<b>1,202,566</b>
Net change in fund balances	(386,097)	407,574	50,000	95,243	-	-	(19,852)	29,108	-	175,976
Fund balances, beginning of year	6,074,326	2,292,475	895,053	2,392,031	-	-	77,471	47,314	-	11,778,670
<b>Fund balances, end of year</b>	<b>\$ 5,688,229</b>	<b>\$ 2,700,049</b>	<b>\$ 945,053</b>	<b>\$ 2,487,274</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,619</b>	<b>\$ 76,422</b>	<b>\$ -</b>	<b>\$ 11,954,646</b>

CITY OF NEWTON, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
MERIDIAN CENTER  
Year Ended December 31, 2020

	Budget	Actual	Variance with Final Budget
Revenues and other sources:			
Charges for services	\$ 579,525	\$ 145,444	\$ (434,081)
Other	-	21,429	21,429
Transfers in	-	200,000	200,000
	<u>579,525</u>	<u>366,873</u>	<u>(212,652)</u>
Total revenues and other sources			
Expenditures and other uses:			
Personnel services	328,816	221,437	(107,379)
Contractual services	198,220	134,796	(63,424)
Commodities	78,908	30,492	(48,416)
	<u>605,944</u>	<u>386,725</u>	<u>(219,219)</u>
Total expenditures and other uses			
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(26,419)	(19,852)	6,567
Fund balances, beginning of year	<u>34,006</u>	<u>77,471</u>	<u>43,465</u>
Fund balances, end of year	<u>\$ 7,587</u>	<u>\$ 57,619</u>	<u>\$ 50,032</u>

CITY OF NEWTON, KANSAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2020

	Special Revenue Funds												Permanent Fund	Total	
	Airport	Community Development	Special Alcohol Program	Special Highway	Grants	Special Liability	Special Parks & Recreation	Tourism & Convention Promotion	Airport/Library Capital Improvement Fund	Airport/Library Municipal Equipment Reserve	Special Law Enforcement	Library	Community District Improvement Sales Tax		Cemetery & Mausoleum
<b>Assets:</b>															
Cash and investments	\$ 77,272	\$ -	\$ -	\$ -	\$ 5,623	\$ 7,443	\$ -	\$ 36,939	\$ 64,734	\$ 222,794	\$ 262,477	\$ 27,920	\$ -	\$ 394,861	\$ 1,100,063
Receivables:															
Property tax	81,619	-	-	-	-	23,296	-	-	-	-	-	702,288	-	-	807,203
Accounts receivable	151,610	-	-	-	32,696	-	-	-	-	-	-	-	-	-	184,306
Other	-	398,818	-	-	-	-	-	-	-	-	-	-	-	-	398,818
Inventory	31,981	-	-	-	-	-	-	-	-	-	-	-	-	-	31,981
Restricted assets:															
Cash	-	137,512	-	-	-	-	-	-	-	-	-	-	-	-	137,512
<b>Total assets</b>	<b>\$ 342,482</b>	<b>\$ 536,330</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,319</b>	<b>\$ 30,739</b>	<b>\$ -</b>	<b>\$ 36,939</b>	<b>\$ 64,734</b>	<b>\$ 222,794</b>	<b>\$ 262,477</b>	<b>\$ 730,208</b>	<b>\$ -</b>	<b>\$ 394,861</b>	<b>\$ 2,659,883</b>
<b>Liabilities:</b>															
Accounts payable	\$ 30,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 309	\$ -	\$ -	\$ 365	\$ -	\$ -	\$ -	\$ 1,764	\$ 32,562
Accrued expenditures	5,986	-	-	-	-	-	798	-	-	-	-	-	-	-	6,784
Unearned revenue	50,881	-	-	-	-	-	-	-	-	-	-	-	-	-	50,881
<b>Total liabilities</b>	<b>86,991</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,107</b>	<b>-</b>	<b>-</b>	<b>365</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,764</b>	<b>90,227</b>
<b>Deferred inflows of resources:</b>															
Unavailable revenues - property and special assessment taxes	81,619	-	-	-	-	23,296	-	-	-	-	-	702,288	-	-	807,203
<b>Total deferred inflows of resources</b>	<b>81,619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,296</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>702,288</b>	<b>-</b>	<b>-</b>	<b>807,203</b>
<b>Fund balances:</b>															
<b>Nonspendable:</b>															
Inventory	31,981	-	-	-	-	-	-	-	-	-	-	-	-	-	31,981
<b>Restricted:</b>															
Airport	141,891	-	-	-	-	-	-	-	-	-	-	-	-	-	141,891
Community development	-	536,330	-	-	-	-	-	35,832	-	-	-	-	-	-	572,162
Perpetual care	-	-	-	-	-	-	-	-	-	-	-	-	-	393,097	393,097
Law enforcement	-	-	-	-	-	-	-	-	-	262,112	-	-	-	-	262,112
Other purposes	-	-	-	-	38,319	7,443	-	-	-	-	-	-	-	-	45,762
<b>Assigned:</b>															
Capital asset acquisition	-	-	-	-	-	-	-	-	64,734	222,794	-	-	-	-	287,528
Other purposes	-	-	-	-	-	-	-	-	-	-	-	27,920	-	-	27,920
<b>Total fund balances</b>	<b>173,872</b>	<b>536,330</b>	<b>-</b>	<b>-</b>	<b>38,319</b>	<b>7,443</b>	<b>-</b>	<b>35,832</b>	<b>64,734</b>	<b>222,794</b>	<b>262,112</b>	<b>27,920</b>	<b>-</b>	<b>393,097</b>	<b>1,762,453</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 342,482</b>	<b>\$ 536,330</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,319</b>	<b>\$ 30,739</b>	<b>\$ -</b>	<b>\$ 36,939</b>	<b>\$ 64,734</b>	<b>\$ 222,794</b>	<b>\$ 262,477</b>	<b>\$ 730,208</b>	<b>\$ -</b>	<b>\$ 394,861</b>	<b>\$ 2,659,883</b>



CITY OF NEWTON, KANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended December 31, 2020

	Special Revenue Funds												Permanent Fund	Total	
	Airport	Community Development	Special Alcohol Program	Special Highway	Grant Fund	Special Liability	Special Parks & Recreation	Tourism & Convention Promotion	Airport/Library Capital Improvement Fund	Airport/Library Municipal Equipment Reserve	Special Law Enforcement	Library	Community Improvement District Sales Tax		Cemetery & Mausoleum
Revenues:															
Taxes:															
Property taxes	\$ 90,403	\$ -	\$ -	\$ -	\$ -	\$ 26,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 723,890	\$ -	\$ -	\$ 840,477
Excise taxes	-	-	-	-	-	-	-	188,022	-	-	-	-	-	-	188,022
Sales taxes	-	-	-	-	-	-	-	-	-	-	-	-	36,735	-	36,735
Intergovernmental	161,514	-	17,960	489,121	574,347	721	17,960	-	-	-	-	19,496	-	-	1,281,119
Charges for services	1,004,608	-	-	-	-	-	-	-	-	-	4,553	-	-	-	1,009,161
Interest	-	843	-	-	-	-	-	-	-	-	-	-	-	889	1,732
Other	2,055	-	-	-	-	-	-	-	18,595	7,926	-	-	-	12,933	41,509
Total revenues	1,258,580	843	17,960	489,121	574,347	26,905	17,960	188,022	18,595	7,926	4,553	743,386	36,735	13,822	3,398,755
Expenditures:															
Current:															
General government	-	41,739	17,960	-	413,212	85,868	-	15,438	-	-	1,080	801,784	36,735	-	1,413,816
Public safety	-	-	-	-	122,816	-	-	-	-	-	17,421	-	-	-	140,237
Airport	1,042,403	-	-	-	-	-	-	-	-	-	-	-	-	-	1,042,403
Capital outlay	-	-	-	-	-	-	-	-	73,937	3,875	53,040	-	-	-	130,852
Total expenditures	1,042,403	41,739	17,960	-	536,028	85,868	-	15,438	73,937	3,875	71,541	801,784	36,735	-	2,727,308
Excess (deficiency) of revenues over (under) expenditures	216,177	(40,896)	-	489,121	38,319	(58,963)	17,960	172,584	(55,342)	4,051	(66,988)	(58,398)	-	13,822	671,447
Other financing sources (uses):															
Transfers in	-	-	-	-	-	59,400	-	-	20,550	31,500	-	-	-	-	111,450
Transfers out	(193,381)	-	-	(489,121)	-	-	(17,960)	(139,290)	-	(7,500)	-	-	-	-	(847,252)
Sale of assets	-	-	-	-	-	-	-	-	25,000	1,250	-	-	-	-	26,250
Total other financing sources (uses)	(193,381)	-	-	(489,121)	-	59,400	(17,960)	(139,290)	45,550	25,250	-	-	-	-	(709,552)
Net change in fund balances	22,796	(40,896)	-	-	38,319	437	-	33,294	(9,792)	29,301	(66,988)	(58,398)	-	13,822	(38,105)
Fund balances, beginning of year	151,076	577,226	-	-	-	7,006	-	2,538	74,526	193,493	329,100	86,318	-	379,275	1,800,558
Fund balances, end of year	\$ 173,872	\$ 536,330	\$ -	\$ -	\$ 38,319	\$ 7,443	\$ -	\$ 35,832	\$ 64,734	\$ 222,794	\$ 262,112	\$ 27,920	\$ -	\$ 393,097	\$ 1,762,453

CITY OF NEWTON, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
AIRPORT FUND  
Year Ended December 31, 2020

	Budget	Actual	Variance with Final Budget
Revenues and other sources:			
Property taxes	\$ 91,359	\$ 90,403	\$ (956)
Intergovernmental	90,000	161,514	71,514
Fuel sales and rentals	1,415,513	1,004,608	(410,905)
Other	15,250	2,055	(13,195)
Total revenues and other sources	<u>1,612,122</u>	<u>1,258,580</u>	<u>(353,542)</u>
Expenditures and other uses:			
Personnel services	538,665	537,413	(1,252)
Contractual services	291,000	205,808	(85,192)
Commodities	567,700	299,182	(268,518)
Capital outlay	10,600	-	(10,600)
Transfers out	210,731	193,381	(17,350)
Total expenditures and other uses	<u>1,618,696</u>	<u>1,235,784</u>	<u>(382,912)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(6,574)	22,796	29,370
Fund balances, beginning of year	<u>6,574</u>	<u>151,076</u>	<u>144,502</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 173,872</u>	<u>\$ 173,872</u>

CITY OF NEWTON, KANSAS  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL  
 SPECIAL ALCOHOL PROGRAM FUND  
 Year Ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues and other sources:			
Liquor tax	\$ 30,000	\$ 17,960	\$ (12,040)
Expenditures and other uses:			
Contractual services	<u>30,000</u>	<u>17,960</u>	<u>(12,040)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF NEWTON, KANSAS  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL  
 SPECIAL HIGHWAY FUND  
 Year Ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues and other sources:			
Intergovernmental	\$ 514,610	\$ 489,121	\$ (25,489)
Expenditures and other uses:			
Transfers out	<u>514,610</u>	<u>489,121</u>	<u>(25,489)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF NEWTON, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL LIABILITY FUND  
Year Ended December 31, 2020

	Budget	Actual	Variance with Final Budget
Revenues and other sources:			
Property taxes	\$ 26,127	\$ 26,184	\$ 57
Intergovernmental	-	721	721
Transfers in	57,500	59,400	1,900
Total revenues and other sources	83,627	86,305	2,678
Expenditures and other uses:			
Contractual services	88,000	85,868	(2,132)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(4,373)	437	4,810
Fund balances, beginning of year	4,373	7,006	2,633
Fund balances, end of year	\$ -	\$ 7,443	\$ 7,443

CITY OF NEWTON, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL PARKS & RECREATION FUND  
Year Ended December 31, 2020

	Budget	Actual	Variance with Final Budget
Revenues and other sources:			
Liquor tax	\$ 30,000	\$ 17,960	\$ (12,040)
Expenditures and other uses:			
Transfers out	30,000	17,960	(12,040)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

CITY OF NEWTON, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
TOURISM & CONVENTION PROMOTION FUND  
Year Ended December 31, 2020

	Budget	Actual	Variance with Final Budget
Revenues and other sources:			
Transient guest tax	\$ 309,500	\$ 188,022	\$ (121,478)
Expenditures and other uses:			
Tourism/Conventions	103,668	15,438	(88,230)
Transfers out	205,832	139,290	(66,542)
Total expenditures and other uses	309,500	154,728	(154,772)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	33,294	33,294
Fund balances, beginning of year	1,795	2,538	743
Fund balances, end of year	\$ 1,795	\$ 35,832	\$ 34,037

CITY OF NEWTON, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL LAW ENFORCEMENT FUND  
Year Ended December 31, 2020

	Budget	Actual	Variance with Final Budget
Revenues and other sources:			
Forfeitures and other	\$ 52,500	\$ 4,553	\$ (47,947)
Expenditures and other uses:			
Commodities and other	90,000	18,501	(71,499)
Capital outlay	25,000	53,040	28,040
Total expenditures and other uses	115,000	71,541	(43,459)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(62,500)	(66,988)	(4,488)
Fund balances, beginning of year	280,319	329,100	48,781
Fund balances, end of year	\$ 217,819	\$ 262,112	\$ 44,293



CITY OF NEWTON, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
LIBRARY FUND  
Year Ended December 31, 2020

	Budget	Actual	Variance with Final Budget
Revenues and other sources:			
Property taxes	\$ 728,874	\$ 723,890	\$ (4,984)
Intergovernmental	-	19,496	19,496
Total revenues and other sources	728,874	743,386	14,512
Expenditures and other uses:			
Appropriations to Library	807,785	801,784	(6,001)
Transfers out	40,000	-	(40,000)
Total expenditures and other uses	847,785	801,784	(46,001)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(118,911)	(58,398)	60,513
Fund balances, beginning of year	118,911	86,318	(32,593)
Fund balances, end of year	\$ -	\$ 27,920	\$ 27,920

CITY OF NEWTON, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
CEMETERY AND MAUSOLEUM FUND  
Year Ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues and other sources:			
Sale of cemetery lots	\$ 10,500	\$ 12,933	\$ 2,433
Investment earnings	-	889	889
Total revenues and other sources	<u>10,500</u>	<u>13,822</u>	<u>3,322</u>
Expenditures and other uses:			
Capital outlay	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(9,500)	13,822	23,322
Fund balances, beginning of year	<u>355,684</u>	<u>379,275</u>	<u>23,591</u>
Fund balances, end of year	<u>\$ 346,184</u>	<u>\$ 393,097</u>	<u>\$ 46,913</u>

CITY OF NEWTON, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
BOND & INTEREST FUND  
Year Ended December 31, 2020

	Budget	Actual	Variance with Final Budget
Revenues and other sources:			
Property taxes	\$ 1,684,782	\$ 1,675,128	\$ (9,654)
Special assessments	1,087,333	935,050	(152,283)
Intergovernmental and other	814,600	125,563	(689,037)
Transfers in	1,508,440	2,333,640	825,200
Total revenues and other sources	<u>5,095,155</u>	<u>5,069,381</u>	<u>(25,774)</u>
Expenditures and other uses:			
Debt service:			
Principal	3,620,000	2,567,175	(1,052,825)
Interest	1,129,880	823,292	(306,588)
Projected future debt	200,000	-	(200,000)
Transfers out	-	1,359,306	1,359,306
Total expenditures and other uses	<u>4,949,880</u>	<u>4,749,773</u>	<u>(200,107)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	145,275	319,608	174,333
Fund balances, beginning of year	<u>(145,275)</u>	<u>337,081</u>	<u>482,356</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 656,689</u>	<u>\$ 656,689</u>

CITY OF NEWTON, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SEWER FUND  
Year Ended December 31, 2020

	Budget	Actual	Variance with Final Budget
Revenues and other sources:			
Service fees	\$ 7,868,000	\$ 7,724,061	\$ (143,939)
Capital grants	-	21,000	21,000
Transfers in	2,566,387	1,175,070	(1,391,317)
Other	22,000	75,307	53,307
Total revenues and other sources	<u>10,456,387</u>	<u>8,995,438</u>	<u>(1,460,949)</u>
Expenditures and other uses:			
Personnel services	1,018,625	1,539,706	521,081
Contractual services	1,473,500	608,598	(864,902)
Commodities	122,850	159,700	36,850
Vehicle operating	57,000	47,002	(9,998)
Capital outlay	163,000	262,784	99,784
Projected debt service	2,835,121	3,838,350	1,003,229
Transfers out	6,044,767	2,707,407	(3,337,360)
Total expenditures and other uses	<u>11,714,863</u>	<u>9,163,547</u>	<u>(2,551,316)</u>
Revenues and (expenditures) not subject to budget:			
General obligation bond proceeds	-	3,095,436	3,095,436
Transfer debt proceeds to capital projects	-	(3,095,436)	(3,095,436)
Total revenues and (expenditures) not subject to budget	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(1,258,476)	(168,109)	1,090,367
Fund balances, beginning of year	<u>6,514,629</u>	<u>3,187,956</u>	<u>(3,326,673)</u>
Fund balances, end of year	<u>\$ 5,256,153</u>	<u>\$ 3,019,847</u>	<u>\$ (2,236,306)</u>

CITY OF NEWTON, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
SANITATION FUND  
Year Ended December 31, 2020

	Budget	Actual	Variance with Final Budget
Revenues and other sources:			
Refuse collection	\$ 2,025,000	\$ 2,163,139	\$ 138,139
Other	72,700	21,336	(51,364)
Total revenues and other sources	<u>2,097,700</u>	<u>2,184,475</u>	<u>86,775</u>
Expenditures and other uses:			
Personnel services	696,512	946,467	249,955
Contractual services	395,058	365,333	(29,725)
Commodities	17,136	23,441	6,305
Vehicle operating	238,640	202,233	(36,407)
Capital outlay	-	356,556	356,556
Transfers out	647,282	222,597	(424,685)
Total expenditures and other uses	<u>1,994,628</u>	<u>2,116,627</u>	<u>121,999</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	103,072	67,848	(35,224)
Fund balances, beginning of year	<u>882,609</u>	<u>2,743,377</u>	<u>1,860,768</u>
Fund balances, end of year	<u>\$ 985,681</u>	<u>\$ 2,811,225</u>	<u>\$ 1,825,544</u>

CITY OF NEWTON, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
WATERWORKS FUND  
Year Ended December 31, 2020

	Budget	Actual	Variance with Final Budget
Revenues and other sources:			
Service fees	\$ 4,676,000	\$ 4,630,631	\$ (45,369)
Interest	-	1,852	1,852
Other	39,000	30,377	(8,623)
Transfers in	709,311	291,326	(417,985)
Total revenues and other sources	<u>5,424,311</u>	<u>4,954,186</u>	<u>(470,125)</u>
Expenditures and other uses:			
Personnel services	1,254,988	1,690,310	435,322
Contractual services	1,362,140	1,091,469	(270,671)
Commodities	110,550	107,888	(2,662)
Vehicle operating	138,548	40,254	(98,294)
Capital outlay	85,000	125,314	40,314
Projected debt service	809,311	520,640	(288,671)
Transfers out	2,548,998	1,221,003	(1,327,995)
Total expenditures and other uses	<u>6,309,535</u>	<u>4,796,878</u>	<u>(1,512,657)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(885,224)	157,308	1,042,532
Fund balances, beginning of year	<u>2,008,703</u>	<u>3,360,588</u>	<u>1,351,885</u>
Fund balances, end of year	<u>\$ 1,123,479</u>	<u>\$ 3,517,896</u>	<u>\$ 2,394,417</u>

CITY OF NEWTON, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GOLF COURSE FUND  
Year Ended December 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues and other sources:			
Golf course revenue	\$ 1,160,684	\$ 1,218,485	\$ 57,801
Interest	-	551	551
Other	-	13,699	13,699
Transfers in	-	720,000	720,000
Total revenues and other sources	<u>1,160,684</u>	<u>1,952,735</u>	<u>792,051</u>
Expenditures and other uses:			
Personnel services	598,379	570,762	(27,617)
Contractual services	225,987	289,244	63,257
Commodities	308,047	289,085	(18,962)
Total expenditures and other uses	<u>1,132,413</u>	<u>1,149,091</u>	<u>16,678</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	28,271	803,644	775,373
Fund balances, beginning of year	<u>73,038</u>	<u>256,731</u>	<u>183,693</u>
Fund balances, end of year	<u><u>\$ 101,309</u></u>	<u><u>\$ 1,060,375</u></u>	<u><u>\$ 959,066</u></u>

CITY OF NEWTON, KANSAS  
 COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS  
 December 31, 2020

	Health Benefits Risk Management	Stores and Maintenance	Total
Assets:			
Current assets:			
Cash and investments	\$ 2,759,819	\$ 772,343	\$ 3,532,162
Prepaid items	20,000	-	20,000
Inventories	-	74,794	74,794
Total current assets	2,779,819	847,137	3,626,956
Capital assets:			
Capital assets, net of accumulated depreciation	-	506,311	506,311
Total assets	2,779,819	1,353,448	4,133,267
Liabilities:			
Current liabilities:			
Accounts payable	2,297	6,771	9,068
Accrued expenses	-	2,630	2,630
Compensated absences	-	6,994	6,994
Unreported claims payable	113,224	-	113,224
Total current liabilities	115,521	16,395	131,916
Net position:			
Net investment in capital assets	-	506,311	506,311
Unrestricted	2,664,298	830,742	3,495,040
Total net position	\$ 2,664,298	\$ 1,337,053	\$ 4,001,351



CITY OF NEWTON, KANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 NET POSITION - INTERNAL SERVICE FUNDS  
 Year Ended December 31, 2020

	Health Benefits Risk Management	Stores and Maintenance	Total
Operating revenues:			
Charges for services	\$ 2,936,426	\$ 640,422	\$ 3,576,848
Miscellaneous	-	10,001	10,001
Total revenues	<u>2,936,426</u>	<u>650,423</u>	<u>3,586,849</u>
Operating expenses:			
Personnel services	2,445,027	210,750	2,655,777
Contractual services	203,961	74,920	278,881
Commodities	-	356,545	356,545
Vehicle operating	-	18,829	18,829
Depreciation and amortization	-	112,655	112,655
Total expenses	<u>2,648,988</u>	<u>773,699</u>	<u>3,422,687</u>
Operating income (loss)	287,438	(123,276)	164,162
Transfers:			
Transfers in	-	156,620	156,620
Change in net position	287,438	33,344	320,782
Net position, beginning of year	<u>2,376,860</u>	<u>1,303,709</u>	<u>3,680,569</u>
Net position, end of year	<u>\$ 2,664,298</u>	<u>\$ 1,337,053</u>	<u>\$ 4,001,351</u>

CITY OF NEWTON, KANSAS  
 COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS  
 Year Ended December 31, 2020

	Health Benefits Risk Management	Stores and Maintenance	Total
Cash flows from operating activities:			
Cash received from customers	\$ 2,936,426	\$ 650,423	\$ 3,586,849
Cash payments to suppliers for goods and services	(203,961)	(456,115)	(660,076)
Cash payments to employees for services	-	(215,963)	(215,963)
Cash payments for employee health benefits	(2,492,698)	-	(2,492,698)
Net cash flows from operating activities	<u>239,767</u>	<u>(21,655)</u>	<u>218,112</u>
Cash flows from non-capital financing activities:			
Transfers in	-	156,620	156,620
Net cash flows from non-capital financing activities	<u>-</u>	<u>156,620</u>	<u>156,620</u>
Cash flows from capital and related financing activities:			
Payments for capital assets	-	(2,630)	(2,630)
Net increase in cash	239,767	132,335	372,102
Cash, beginning of year	<u>2,520,052</u>	<u>640,008</u>	<u>3,160,060</u>
Cash, end of year	<u>\$ 2,759,819</u>	<u>\$ 772,343</u>	<u>\$ 3,532,162</u>

(Continued)

CITY OF NEWTON, KANSAS  
 COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS  
 (Continued)  
 Year Ended December 31, 2020

	Health Benefits Risk Management	Stores and Maintenance	Total
Reconciliation of operating income (loss) to net cash from operating activities:			
Operating income (loss)	\$ 287,438	\$ (123,276)	\$ 164,162
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation and amortization	-	112,655	112,655
Changes in operating assets and liabilities:			
Inventories	-	(4,669)	(4,669)
Accounts payable and accrued expenses	-	(6,365)	(6,365)
Claims payable	(47,671)	-	(47,671)
Net cash flows from operating activities	<u>\$ 239,767</u>	<u>\$ (21,655)</u>	<u>\$ 218,112</u>

CITY OF NEWTON, KANSAS  
 COMPONENT UNIT FUND FINANCIAL STATEMENTS - NEWTON PUBLIC LIBRARY  
 BALANCE SHEET  
 December 31, 2020

Assets:		
Cash	\$	2,134,360
Liabilities:		
Accounts payable	\$	46,133
Fund balance:		
Assigned for library services		2,088,227
	\$	2,134,360

CITY OF NEWTON, KANSAS  
 COMPONENT UNIT FUND FINANCIAL STATEMENTS - NEWTON PUBLIC LIBRARY  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 Year Ended December 31, 2020

Revenues:	
Taxes	\$ 783,994
Intergovernmental	15,848
Fines and fees	811
Other	25,704
	826,357
Expenditures:	
Personal services	532,028
Contractual services	51,225
Commodities	92,542
Capital outlay	201,062
	876,857
Revenues under expenditures	(50,500)
Fund balances, beginning	2,138,727
Fund balances, ending	\$ 2,088,227

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# Statistical Section

## STATISTICAL SECTION

This part of the City of Newton comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	105
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	111
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	114
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	121
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.	123

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**City of Newton, Kansas  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in capital assets	\$ 17,177,822	\$ 24,482,456	\$ 26,838,054	\$ 29,883,633	\$ 36,686,376	\$ 38,764,600	\$ 39,761,637	\$ 31,214,458	\$ 33,431,937	\$ 32,670,298
Restricted	1,447,936	1,404,089	1,536,715	1,362,548	1,439,323	1,933,865	1,500,683	1,346,578	1,830,999	1,997,395
Unrestricted	17,332,595	13,844,191	17,093,475	16,219,976	13,795,417	6,823,532	7,429,172	9,713,861	4,692,930	9,353,969
Total Governmental Activities Net Position	35,958,353	39,730,736	45,468,244	47,466,157	51,921,116	47,521,997	48,691,492	42,274,897	39,955,866	44,021,662
Business-Type Activities										
Net Investment in capital assets	25,189,683	25,496,054	24,448,242	27,620,849	20,602,178	22,489,495	24,173,466	25,953,239	29,671,394	29,137,494
Restricted	434,960	434,960	434,960	434,960	-	-	-	-	-	-
Unrestricted	11,452,854	11,793,203	14,308,166	14,007,071	13,789,024	18,016,978	18,787,380	19,680,498	20,918,856	21,304,587
Total Business-Type Activities Net Position	37,077,497	37,724,217	39,191,368	42,062,880	34,391,202	40,506,473	42,960,846	45,633,737	50,590,250	50,442,081
Primary Government										
Net Investment in capital assets	42,367,505	49,978,510	51,286,296	57,504,482	57,288,554	61,254,095	63,935,103	57,167,697	63,103,331	61,807,792
Restricted	1,882,896	1,839,049	1,971,675	1,797,508	1,439,323	1,933,865	1,500,683	1,346,578	1,830,999	1,997,395
Unrestricted	28,785,449	25,637,394	31,401,641	30,227,047	27,584,441	24,840,510	26,216,552	29,394,359	25,611,786	30,658,556
Total Primary Government Net Position	\$ 73,035,850	\$ 77,454,953	\$ 84,659,612	\$ 89,529,037	\$ 86,312,318	\$ 88,028,470	\$ 91,652,338	\$ 87,908,634	\$ 90,546,116	\$ 94,463,743

**City of Newton, Kansas**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 2,276,104	\$ 2,281,149	\$ 2,288,726	\$ 2,748,317	\$ 5,174,403	\$ 5,783,528	\$ 5,620,468	\$ 12,778,534	\$ 7,559,081	\$ 5,681,133
Public Safety	8,307,481	8,400,567	8,646,918	9,091,977	9,303,375	9,505,060	10,088,286	10,116,200	10,805,239	11,427,887
Highway and streets	2,699,441	2,862,971	3,032,939	3,123,553	3,648,390	4,282,409	3,800,765	5,093,585	4,970,201	3,773,794
Culture and recreation	2,499,540	3,232,179	3,419,439	3,301,952	1,579,483	1,234,521	1,171,821	1,174,557	1,215,667	1,347,875
Airport	1,456,191	1,596,306	1,552,477	2,037,345	1,087,037	1,102,985	1,206,993	1,232,950	1,173,152	1,042,403
Public works	1,552,902	981,461	1,864,153	1,768,709	-	-	-	-	-	-
Interest and fiscal charges	1,703,997	1,576,424	1,538,070	1,455,266	1,132,419	1,105,739	1,013,907	1,132,291	1,335,809	1,461,697
<b>Total Governmental Activities Expenses</b>	<b>20,495,656</b>	<b>20,931,057</b>	<b>22,342,722</b>	<b>23,527,119</b>	<b>21,925,107</b>	<b>23,014,242</b>	<b>22,902,240</b>	<b>31,528,117</b>	<b>27,059,149</b>	<b>24,734,789</b>
Business-Type Activities:										
Sewer	2,003,034	4,203,694	4,281,556	4,497,867	4,637,153	4,998,558	5,324,984	4,501,081	4,523,468	5,206,266
Sanitation	3,197,842	1,754,844	1,712,657	1,719,060	1,513,093	1,527,086	1,554,284	1,374,701	1,362,051	1,773,244
Waterworks	3,857,226	3,453,805	3,337,612	3,626,523	3,508,579	3,391,266	3,120,146	2,942,407	2,857,374	3,497,672
Golf Course	1,572,092	1,640,913	1,567,606	1,810,959	1,528,489	1,473,942	1,426,127	1,470,516	1,400,571	1,456,132
Public Building Commission	-	-	-	-	562,527	368,853	324,963	347,820	340,555	569,091
<b>Total Business-Type Activities Expenses</b>	<b>10,630,194</b>	<b>11,053,256</b>	<b>10,899,431</b>	<b>11,654,409</b>	<b>11,749,841</b>	<b>11,759,705</b>	<b>11,750,504</b>	<b>10,636,525</b>	<b>10,484,019</b>	<b>12,502,405</b>
<b>Total Primary Government Expenses</b>	<b>\$ 31,125,850</b>	<b>\$ 31,984,313</b>	<b>\$ 33,242,153</b>	<b>\$ 35,181,528</b>	<b>\$ 33,674,948</b>	<b>\$ 34,773,947</b>	<b>\$ 34,652,744</b>	<b>\$ 42,164,642</b>	<b>\$ 37,543,168</b>	<b>\$ 37,237,194</b>
<b>Program Revenues</b>										
Governmental Activities										
Charges for Services:										
General Government	\$ 363,343	\$ 360,625	\$ 363,047	\$ 309,320	\$ 2,368,777	\$ 2,705,182	\$ 2,942,043	\$ 2,821,681	\$ 2,880,710	\$ 2,471,425
Public Safety	1,786,737	1,875,450	1,918,658	1,839,673	747,634	741,231	563,183	623,596	612,601	470,104
Highway and streets	37,186	2,744	16,460	17,054	239,518	74,030	77,080	61,000	44,500	39,417
Culture and recreation	1,325,439	371,008	325,775	363,347	-	-	-	-	-	-
Airport	207,779	1,527,578	1,461,068	1,782,788	1,209,220	1,239,584	1,334,896	1,215,993	1,112,107	1,004,608
Operating Grants and Contributions	763,260	593,861	642,795	632,319	322,763	174,911	163,944	164,488	178,704	161,641
Capital Grants and Contributions	5,587,278	4,369,812	5,828,963	2,586,491	897,434	930,216	2,231,945	1,544,643	2,587,110	3,225,926
<b>Total Governmental Activities Program Revenues</b>	<b>10,071,022</b>	<b>9,101,078</b>	<b>10,556,766</b>	<b>7,530,992</b>	<b>5,785,346</b>	<b>5,865,154</b>	<b>7,313,091</b>	<b>6,431,401</b>	<b>7,415,732</b>	<b>7,373,121</b>
Business-Type Activities:										
Charges for Services:										
Sewer	5,412,145	5,358,722	5,728,875	8,253,518	8,423,449	7,884,133	7,793,529	7,806,912	7,852,401	7,799,368
Sanitation	1,643,185	1,702,587	1,758,369	1,886,439	1,951,091	1,960,966	2,050,712	2,086,312	2,106,863	2,184,475
Waterworks	5,403,826	5,375,672	4,719,479	4,866,859	4,891,503	4,591,259	4,738,762	4,641,193	4,524,748	4,661,008
Golf Course	1,238,919	1,302,271	1,158,457	1,212,284	1,169,398	1,059,336	1,023,682	1,071,171	1,086,254	1,232,184
Public Building Commission	-	-	-	-	336,594	345,633	349,530	353,909	358,476	396,780
Capital Grants and Contributions	665,429	145,000	889,233	669,107	21,000	21,000	21,000	21,000	21,000	21,000
<b>Total Business-Type Activities Program Revenues</b>	<b>14,363,504</b>	<b>13,884,252</b>	<b>14,254,413</b>	<b>16,888,207</b>	<b>16,793,035</b>	<b>15,862,327</b>	<b>15,977,215</b>	<b>15,980,497</b>	<b>15,949,742</b>	<b>16,294,815</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 24,434,526</b>	<b>\$ 22,985,330</b>	<b>\$ 24,811,179</b>	<b>\$ 24,419,199</b>	<b>\$ 22,578,381</b>	<b>\$ 21,727,481</b>	<b>\$ 23,290,306</b>	<b>\$ 22,411,898</b>	<b>\$ 23,365,474</b>	<b>\$ 23,667,936</b>

**City of Newton, Kansas**  
**Changes in Net Position**  
**Last Ten Fiscal Years (Continued)**  
**(accrual basis of accounting)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Net (Expense) Revenue</b>										
Governmental Activities	\$(10,424,634)	\$(11,829,979)	\$(11,785,956)	\$(15,996,127)	\$(16,139,761)	\$(17,149,088)	\$(15,589,149)	\$(25,096,716)	\$(19,643,417)	\$(17,361,668)
Business-Type Activities:	3,733,310	2,830,996	3,354,982	5,233,798	5,043,194	4,102,622	4,226,711	5,343,972	5,465,723	3,792,410
<b>Total Primary Government Net Expense</b>	<u>\$ (6,691,324)</u>	<u>\$ (8,998,983)</u>	<u>\$ (8,430,974)</u>	<u>\$ (10,762,329)</u>	<u>\$ (11,096,567)</u>	<u>\$ (13,046,466)</u>	<u>\$ (11,362,438)</u>	<u>\$ (19,752,744)</u>	<u>\$ (14,177,694)</u>	<u>\$ (13,569,258)</u>
<b>General revenues:</b>										
Governmental Activities:										
Taxes										
Property taxes and special assessments	\$ 6,056,147	\$ 6,012,857	\$ 7,896,230	\$ 7,010,541	\$ 6,937,340	\$ 6,971,421	\$ 7,493,054	\$ 8,126,788	\$ 8,268,042	\$ 8,767,116
Sales tax	4,630,105	4,766,390	4,822,064	5,084,012	5,122,782	5,209,627	5,106,324	5,099,402	5,355,924	5,526,871
Franchise taxes	1,506,960	1,409,419	1,533,637	1,641,767	1,533,036	1,549,594	1,551,793	1,615,724	1,566,090	1,468,435
Excise taxes	-	-	-	-	333,362	229,487	295,187	261,630	288,752	188,022
Other	845,750	917,411	907,779	1,050,347	1,142,945	568,864	788,044	-	-	-
Intergovernmental, not restricted to specific programs	637,207	653,629	630,322	643,094	-	-	-	-	-	-
Investment earnings	8,726	9,952	8,873	7,665	8,664	31,836	158,132	387,944	592,968	202,942
Gain (Loss) on sale of property	(11,420)	-	-	-	-	-	-	-	-	54,424
Other	189,425	186,558	436,256	194,311	-	-	-	601,400	585,095	1,138,762
Transfers in (out)	1,407,046	2,112,029	1,887,870	2,362,303	6,518,537	2,232,376	1,931,491	2,805,431	667,515	4,080,892
<b>Total governmental activities</b>	<u>15,269,946</u>	<u>16,068,245</u>	<u>18,123,031</u>	<u>17,994,040</u>	<u>21,596,666</u>	<u>16,793,205</u>	<u>17,324,025</u>	<u>18,898,319</u>	<u>17,324,386</u>	<u>21,427,464</u>
Business-Type Activities										
Property Taxes	-	-	-	-	21,030	88,918	150,452	118,927	126,910	133,941
Investment earnings	122	77	39	17	743	968	2,043	4,423	5,245	5,872
Gain (Loss) on sale of property	-	-	-	-	-	55,810	50,079	11,000	26,150	500
Other	164,395	16,782	-	-	-	-	-	-	-	-
Transfers in (out)	(1,407,046)	(2,112,029)	(1,887,870)	(2,362,303)	(6,518,537)	(2,232,376)	(1,931,491)	(2,805,431)	(667,515)	(4,080,892)
<b>Total Business-Type Activities</b>	<u>(1,242,529)</u>	<u>(2,095,170)</u>	<u>(1,887,831)</u>	<u>(2,362,286)</u>	<u>(6,496,764)</u>	<u>(2,086,680)</u>	<u>(1,728,917)</u>	<u>(2,671,081)</u>	<u>(509,210)</u>	<u>(3,940,579)</u>
<b>Total Primary Government</b>	<u>\$ 14,027,417</u>	<u>\$ 13,973,075</u>	<u>\$ 16,235,200</u>	<u>\$ 15,631,754</u>	<u>\$ 15,099,902</u>	<u>\$ 14,706,525</u>	<u>\$ 15,595,108</u>	<u>\$ 16,227,238</u>	<u>\$ 16,815,176</u>	<u>\$ 17,486,885</u>
<b>Change in Net Position</b>										
Governmental Activities:	\$ 4,845,312	\$ 4,238,266	\$ 6,337,075	\$ 1,997,913	\$ 5,456,905	\$ (355,883)	\$ 1,734,876	\$ (6,198,397)	\$ (2,319,031)	\$ 4,065,796
Business-Type Activities	2,490,781	735,826	1,467,151	2,871,512	(1,453,570)	2,015,942	2,497,794	2,672,891	4,956,513	(148,169)
<b>Total Primary Government</b>	<u>\$ 7,336,093</u>	<u>\$ 4,974,092</u>	<u>\$ 7,804,226</u>	<u>\$ 4,869,425</u>	<u>\$ 4,003,335</u>	<u>\$ 1,660,059</u>	<u>\$ 4,232,670</u>	<u>\$ (3,525,506)</u>	<u>\$ 2,637,482</u>	<u>\$ 3,917,627</u>

**City of Newton, Kansas**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Fund</b>										
Nonspendable	\$ 271,529	\$ 18,044	\$ 474,245	\$ 469,527	\$ 81,134	\$ 378,184	\$ 400,497	\$ 400,438	\$ 172,758	\$ 143,293
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	38,921	-	-	-	-	-	-	-	-	-
Assigned	4,503,615	1,133,753	4,116,323	4,186,079	2,648,047	2,956,891	3,776,145	3,845,686	4,799,804	5,316,609
Unassigned	<u>2,848,524</u>	<u>3,329,547</u>	<u>2,273,622</u>	<u>2,669,488</u>	<u>4,618,705</u>	<u>4,086,247</u>	<u>5,087,304</u>	<u>5,912,102</u>	<u>6,806,108</u>	<u>6,494,744</u>
Total General Fund	<u>\$ 7,662,589</u>	<u>\$ 4,481,344</u>	<u>\$ 6,864,190</u>	<u>\$ 7,325,094</u>	<u>\$ 7,347,886</u>	<u>\$ 7,421,322</u>	<u>\$ 9,263,946</u>	<u>\$ 10,158,226</u>	<u>\$ 11,778,670</u>	<u>\$ 11,954,646</u>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 87,044	\$ 79,067	\$ 64,971	\$ 70,986	\$ 2,580,236	\$ 2,346,965	\$ 2,161,678	\$ 82,228	\$ 59,402	\$ 31,981
Restricted	1,447,936	1,404,089	1,536,715	1,362,548	1,634,223	1,933,865	1,809,478	3,869,877	2,096,600	2,322,815
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	89,934	3,586,875	787,481	736,906	529,656	489,123	464,797	438,279	354,337	315,448
Unassigned	<u>(7,064,885)</u>	<u>(9,788,112)</u>	<u>(6,521,063)</u>	<u>(7,904,689)</u>	<u>(110,924)</u>	<u>(5,769,877)</u>	<u>(5,086,357)</u>	<u>(2,864,526)</u>	<u>(6,514,042)</u>	<u>(1,593,805)</u>
Total all other governmental funds	<u>\$ (5,439,971)</u>	<u>\$ (4,718,081)</u>	<u>\$ (4,131,896)</u>	<u>\$ (5,734,249)</u>	<u>\$ 4,633,191</u>	<u>\$ (999,924)</u>	<u>\$ (650,404)</u>	<u>\$ 1,525,858</u>	<u>\$ (4,003,703)</u>	<u>\$ 1,076,439</u>

**City of Newton, Kansas**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues:</b>										
Taxes and special assessments	\$13,655,762	\$13,778,577	\$14,429,226	\$15,540,667	\$15,007,865	\$15,052,285	\$15,480,760	\$16,170,614	\$16,561,690	\$16,885,494
Intergovernmental	6,987,745	5,617,302	7,102,080	3,197,923	1,005,734	1,111,259	2,359,315	1,420,014	1,740,253	2,503,891
Licenses and permits	174,624	198,712	156,468	174,173	218,416	188,896	268,272	211,191	179,581	246,223
Charges for services	1,520,957	1,557,363	1,660,051	1,454,223	3,599,100	4,015,948	4,135,203	3,936,825	3,895,673	3,273,780
Fines, forfeitures and penalties	545,865	536,584	534,836	592,416	747,634	555,184	513,727	574,254	574,664	465,551
Use of money and property	544,786	614,326	885,909	924,512	8,664	31,836	158,132	387,944	592,969	202,942
Other	2,242,380	1,533,700	1,371,728	1,392,824	1,142,945	568,866	788,043	601,403	585,097	1,138,759
<b>Total revenues</b>	<b>25,672,119</b>	<b>23,836,564</b>	<b>26,140,298</b>	<b>23,276,738</b>	<b>21,730,358</b>	<b>21,524,274</b>	<b>23,703,452</b>	<b>23,302,245</b>	<b>24,129,927</b>	<b>24,716,640</b>
<b>Expenditures:</b>										
Current:										
General government	2,053,338	2,146,861	2,167,088	2,582,772	3,806,879	4,611,452	4,345,450	5,265,340	5,030,510	4,382,359
Public safety	7,786,992	8,007,610	8,471,230	8,710,352	9,163,587	8,967,108	9,030,689	9,531,363	9,586,393	10,028,895
Highway and streets	1,808,089	1,992,332	2,170,059	2,161,912	2,363,275	2,573,365	2,366,007	2,894,550	3,239,675	2,512,205
Culture and recreation	2,244,375	2,856,180	3,065,122	2,898,249	1,124,950	1,035,743	966,463	987,674	1,044,970	1,129,287
Airport	1,137,235	1,282,929	1,260,621	1,542,993	1,087,037	1,102,985	1,206,993	1,232,950	1,173,152	1,042,403
Capital outlay	11,901,665	8,533,381	6,900,796	5,066,359	15,525,043	5,090,535	2,402,131	4,298,181	5,873,290	5,744,279
Debt service:										
Principal	1,908,264	1,942,355	2,165,351	2,319,928	1,964,548	2,131,737	2,435,808	2,548,882	4,201,125	13,010,189
Interest	1,718,438	1,573,325	1,474,474	1,496,978	1,156,818	1,034,633	1,010,773	994,140	1,340,904	1,083,516
Fees and commissions	1,634	65,689	1,185	947	109,385	109,560	179	114,048	-	-
<b>Total expenditures</b>	<b>30,560,030</b>	<b>28,400,662</b>	<b>27,675,926</b>	<b>26,780,490</b>	<b>36,301,522</b>	<b>26,657,118</b>	<b>23,764,493</b>	<b>27,867,128</b>	<b>31,490,019</b>	<b>38,933,133</b>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,887,911)</u>	<u>(4,564,098)</u>	<u>(1,535,628)</u>	<u>(3,503,752)</u>	<u>(14,571,164)</u>	<u>(5,132,844)</u>	<u>(61,041)</u>	<u>(4,564,883)</u>	<u>(7,360,092)</u>	<u>(14,216,493)</u>
<b>Other financing sources (uses):</b>										
General obligation bonds issued	-	-	2,635,553	-	5,407,691	-	-	3,615,000	-	14,015,372
Refunding bonds issued	-	3,570,000	5,225,000	-	-	7,259,704	-	-	-	-
Sales of capital assets	-	-	-	-	90,000	58,405	62,705	175,750	117,681	107,940
Transfers in	6,362,279	6,821,972	4,902,531	4,537,230	19,955,741	7,404,021	6,394,896	7,671,491	7,339,662	9,063,480
Premium on general obligation bonds issued	-	-	-	-	-	565,412	-	64,026	-	787,062
Payment to refunding bond escrow agent	-	(3,577,286)	(5,243,764)	-	-	(7,735,899)	-	-	-	(341,190)
Transfers out	(4,955,203)	(4,709,943)	(3,014,661)	(2,174,927)	(4,313,221)	(3,935,242)	(4,204,416)	(3,890,842)	(4,006,368)	(4,160,053)
<b>Total other financing sources (uses)</b>	<b>1,407,076</b>	<b>2,104,743</b>	<b>4,504,659</b>	<b>2,362,303</b>	<b>21,140,211</b>	<b>3,616,401</b>	<b>2,253,185</b>	<b>7,635,425</b>	<b>3,450,975</b>	<b>19,472,611</b>
<b>Net change in fund balances</b>	<b><u>\$(3,480,835)</u></b>	<b><u>\$(2,459,355)</u></b>	<b><u>\$ 2,969,031</u></b>	<b><u>\$(1,141,449)</u></b>	<b><u>\$ 6,569,047</u></b>	<b><u>\$(1,516,443)</u></b>	<b><u>\$ 2,192,144</u></b>	<b><u>\$ 3,070,542</u></b>	<b><u>\$(3,909,117)</u></b>	<b><u>\$ 5,256,118</u></b>
Debt service as a percentage of noncapital expenditures	17.94%	16.86%	16.08%	16.25%	10.08%	13.47%	15.55%	13.78%	18.22%	40.66%

**City of Newton, Kansas**  
**Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

<b><u>Fiscal Year</u></b>	<b><u>Property Tax</u></b>	<b><u>Motor Vehicle Tax</u></b>	<b><u>Sales Tax</u></b>	<b><u>Transient Guest Tax</u></b>	<b><u>Franchise Taxes</u></b>	<b><u>Special Assessments</u></b>	<b><u>Total</u></b>
2011	\$ 4,794,804	\$ 669,619	\$ 4,608,437	\$ 137,042	\$ 1,523,616	\$ 1,148,640	\$ 12,882,158
2012	4,944,986	665,351	4,766,389	198,593	1,431,604	1,090,213	13,097,136
2013	5,180,522	698,981	4,846,036	222,327	1,555,840	1,174,714	13,678,421
2014	5,783,604	715,810	5,084,012	219,953	1,663,360	1,220,746	14,687,485
2015	6,117,926	819,414	5,122,782	333,362	1,533,036	1,081,345	15,007,865
2016	6,129,332	842,089	5,209,627	229,487	1,549,594	1,092,156	15,052,286
2017	6,654,191	838,864	5,106,324	295,189	1,551,793	1,034,403	15,480,764
2018	7,184,820	941,968	5,099,402	261,630	1,615,724	1,067,070	16,170,614
2019	7,277,400	990,642	5,355,924	288,752	1,566,090	1,082,882	16,561,690
2020	7,728,410	1,038,706	5,526,871	188,022	1,468,435	935,050	16,885,494
Change 2011-2020	61.2%	55.1%	19.9%	37.2%	-3.6%	-18.6%	31.1%

**City of Newton, Kansas**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Motor Vehicle</u>	<u>Total</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2011	\$ 105,090,889	\$ 9,866,440	\$ 16,765,853	\$ 131,723,182	\$ 45.540	\$ 837,160,394	15.73%
2012	105,430,488	9,548,769	16,685,086	131,664,343	45.849	847,031,257	15.54%
2013	106,607,455	9,516,129	16,974,048	133,097,632	51.114	851,446,896	15.63%
2014	108,681,175	8,459,719	17,144,189	134,285,083	52.096	861,683,717	15.58%
2015	109,184,983	8,918,542	17,557,227	135,660,752	52.091	870,900,047	15.58%
2016	110,136,068	8,797,562	17,745,559	136,679,189	57.121	881,164,701	15.51%
2017	111,244,972	8,766,296	17,682,215	137,693,483	60.326	885,807,281	15.54%
2018	111,511,358	9,124,296	18,180,252	138,815,906	62.509	893,278,237	15.54%
2019	115,857,340	9,336,794	18,592,793	143,786,927	62.470	923,963,971	15.56%
2020	118,204,379	9,852,038	18,909,615	146,966,032	62.535	945,971,580	15.54%

**Source:** Harvey County Clerk

The assessed value of each class is calculated by varying percentages of appraised or market value. The range varies from 11.5% for residential to 33% for public utilities. n/a: Information not available.

**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2011	\$ 6,123,178	\$ 5,728,981	93.56%	\$ 207,567	\$ 5,936,548	96.95%
2012	6,436,611	5,949,668	92.43%	203,507	6,153,175	95.60%
2013	6,488,404	6,163,075	94.99%	132,907	6,295,982	97.03%
2014	7,194,203	6,850,152	95.22%	131,836	6,981,988	97.05%
2015	7,451,137	7,102,109	95.32%	139,081	7,241,190	97.18%
2016	7,503,461	7,163,158	95.46%	200,322	7,363,480	98.13%
2017	8,127,835	7,912,242	97.35%	163,073	8,075,315	99.35%
2018	8,613,339	8,184,191	95.02%	85,262	8,269,453	96.01%
2019	8,945,655	8,419,984	94.12%	24,365	8,444,349	94.40%
2020	9,229,361	8,730,488	94.59%	-	8,730,488	94.59%

**Source:** Harvey County Clerk & City Financial's

\* Fiscal year refers to Budget year. Tax levy is set in November of prior year.

**City of Newton, Kansas**  
**Direct and Overlapping Property Tax Rates**  
**(Per \$1,000 of assessed value)**  
**Last Ten Fiscal Years**

<u>Tax Year</u>	<u>City of Newton</u>						<u>Other Overlapping Governments</u>				<u>Grand Total</u>
	<u>General Fund</u>	<u>Airport Fund</u>	<u>Library</u>	<u>Bond and Interest</u>	<u>Special Liability</u>	<u>Total</u>	<u>School District No 373</u>	<u>Harvey County</u>	<u>State of Kansas</u>	<u>Sand Creek Watershed District</u>	
2011	34.552	0.731	5.608	4.413	0.236	<b>45.540</b>	65.098	31.316	1.500	0.257	<b>143.711</b>
2012	34.793	0.731	5.646	4.443	0.236	<b>45.849</b>	65.407	31.449	1.500	0.255	<b>144.460</b>
2013	42.704	0.656	5.674	1.843	0.237	<b>51.114</b>	65.005	35.586	1.500	0.254	<b>153.459</b>
2014	43.739	0.647	5.708	1.873	0.129	<b>52.096</b>	60.478	36.238	1.500	0.257	<b>150.569</b>
2015	41.849	0.647	5.675	3.920	-	<b>52.091</b>	63.061	38.817	1.500	0.256	<b>155.725</b>
2016	45.622	0.698	5.809	4.833	0.159	<b>57.121</b>	62.786	41.358	1.500	0.256	<b>163.021</b>
2017	47.615	0.593	5.758	6.173	0.187	<b>60.326</b>	63.139	41.937	1.500	0.259	<b>167.161</b>
2018	48.467	0.605	5.934	7.312	0.191	<b>62.509</b>	63.820	42.275	1.500	0.264	<b>170.368</b>
2019	43.355	0.670	5.195	13.058	0.192	<b>62.470</b>	61.127	42.356	1.500	0.261	<b>167.714</b>
2020	42.828	0.671	5.773	13.071	0.192	<b>62.535</b>	61.116	42.649	1.500	0.260	<b>168.060</b>

**Note:** Tax Year is year in which tax is levied. Collections are received in the year following.

**Source:** Harvey County Clerk



**City of Newton, Kansas**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Evergy Kansas South, Inc	3,722,282	1	2.91%	1,673,319	4	1.46%
Walmart Realty Company	2,103,138	2	1.64%	2,126,360	1	1.85%
Kansas Gas Service, Div of One Gas	1,736,438	3	1.36%	1,441,708	6	1.25%
Future Foam Inc	1,566,846	4	1.22%			
Burlington Northern	1,424,781	5	1.11%	930,069	10	0.81%
Norcraft Companies LLC	993,158	6	0.78%	1,061,086	7	0.92%
Dillon Companies Inc	904,743	7	0.71%	1,677,679	3	1.46%
Ardent Mills, LLC	902,318	8	0.70%			
Newton Hotel Investment Inc	778,783	9	0.61%			
Dillon Real Estate Co Inc	750,371	10	0.59%			
Southwestern Bell	-			942,150	9	0.82%
Newton Healthcare Corp	-			1,716,081	2	1.49%
Standridge Color	-			942,285	8	0.82%
Cargill, Inc	-			1,572,942	5	1.37%
<b>Total</b>	<u>\$ 14,882,858</u>		<u>11.62%</u>	<u>\$ 14,083,679</u>		<u>12.26%</u>
<b>Total Assessed Value</b>	<u>\$ 128,056,417</u>			<u>\$ 114,957,329</u>		

Source: Harvey County Clerk

**City of Newton, Kansas**  
**Legal Debt Margin Information**  
**Last Ten Fiscal years**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Limit	\$ 39,516,955	\$ 39,499,303	\$ 40,097,806	\$ 40,234,483	\$ 40,574,314	\$ 41,003,757	\$ 41,561,162	\$ 41,495,361	\$ 43,136,078	\$ 43,552,083
Total net debt applicable to limit	<u>28,151,767</u>	<u>27,441,332</u>	<u>27,884,239</u>	<u>26,437,566</u>	<u>25,870,675</u>	<u>28,420,839</u>	<u>26,369,868</u>	<u>28,000,395</u>	<u>24,248,566</u>	<u>32,443,785</u>
Legal debt margin	<u>\$ 11,365,188</u>	<u>\$ 12,057,971</u>	<u>\$ 12,213,567</u>	<u>\$ 13,796,917</u>	<u>\$ 14,703,639</u>	<u>\$ 12,582,918</u>	<u>\$ 15,191,294</u>	<u>\$ 13,494,966</u>	<u>\$ 18,887,512</u>	<u>\$ 11,108,298</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>71.24%</u>	<u>69.47%</u>	<u>69.54%</u>	<u>65.71%</u>	<u>63.76%</u>	<u>69.31%</u>	<u>63.45%</u>	<u>67.48%</u>	<u>56.21%</u>	<u>74.49%</u>

**Legal Debt Margin Calculation for Fiscal Year 2019**

Total assessed value	<u>\$ 145,173,611</u>
Debt limit (30% of total assessed value)	\$ 43,552,083
Debt applicable to limit:	
General obligation bonds	32,903,756
Less: Amount set aside for repayment of general obligation debt	<u>459,971</u>
Total net debt applicable to limit	<u>32,443,785</u>
Legal debt margin	<u>\$ 11,108,298</u>

**Note:** Per Kansas Statutes Annotated ("K.S.A.") Section 10-308, "The authorized and outstanding bonded indebtedness of any city shall not exceed 30% of the assessed valuation of the city." K.S.A. Section 10-309 allows for certain exceptions to calculating the legal debt limit.

**City of Newton, Kansas**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government <sup>d</sup>	Percentage of Personal Income <sup>c</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	KDOT Revolving Loan	Capital Leases	Guarantee/ Industrial Revenue Bonds	Special Assessment Bonds	General Obligation Bonds	Revenue Bonds	Revolving Loans	Capital Leases			
2011	\$ 26,914,614	\$ 565,424	\$ -	\$ -	\$ 12,586,138	\$ 7,152,284	\$ 6,915,000	\$ 11,057,137	\$ -	\$ 54,133,460	7.56%	\$ 2,829
2012	25,797,095	473,907	-	-	11,913,638	6,718,122	6,822,800	10,446,809	-	51,725,562	7.03%	2,690
2013	26,269,353	378,885	-	-	12,644,120	8,275,286	7,115,000	9,815,108	-	54,682,644	6.99%	2,850
2014	24,752,345	280,223	197,077	-	11,890,120	7,746,553	6,660,000	15,606,145	-	51,526,318	6.37%	2,695
2015	21,643,264	177,783	169,669	-	11,859,320	14,319,440	7,966,150	25,337,587	-	56,135,626	6.65%	2,921
2016	21,493,800	71,419	138,958	-	10,761,033	14,121,030	7,225,575	24,180,652	-	53,811,815	7.34%	2,817
2017	20,092,917	-	107,349	-	9,763,204	13,174,922	6,500,000	21,825,431	-	49,638,392	6.86%	2,631
2018	22,289,104	-	-	6,339,995	8,771,526	12,254,170	5,710,000	19,715,760	-	55,364,795	7.29%	2,953
2019	18,080,634	-	-	6,132,099	8,917,442	11,313,520	4,895,000	17,673,098	174,829	67,186,622	8.47%	3,562
2020	25,895,737	-	-	-	8,876,556	13,532,328	4,040,000	15,464,275	-	67,808,896	7.99%	3,550

**Note:** Details regarding the City's outstanding debt can be found in the Notes on pages 61 - 65 and in the Statistical Section on pages 114 - 119.

<sup>a</sup>See Page 111 for taxable property value data.

<sup>b</sup>Per Capita is based on net general obligation bonds.

<sup>c</sup>See page 121 for personal income and population data.

<sup>d</sup>Includes general bonded debt, other governmental activities debt, and business-type activities debt.

**City of Newton, Kansas**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Resources Restricted for Debt Service</u>	<u>Net General Obligation Bonds</u>	<u>Taxable Value</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2011	\$ 34,066,898	\$ 686,885	\$ 33,380,013	837,160,394	3.99%	\$ 1,781
2012	32,515,217	653,013	31,862,204	847,031,257	3.76%	1,691
2013	34,544,639	763,775	33,780,864	851,446,896	3.97%	1,800
2014	32,498,898	528,849	31,970,049	861,683,717	3.71%	1,700
2015	35,962,704	376,705	35,585,999	870,900,047	4.09%	1,871
2016	35,614,830	574,253	35,040,577	881,164,701	3.98%	1,864
2017	33,267,839	149,807	33,118,032	885,807,281	3.74%	1,763
2018	34,543,274	51,905	34,491,369	893,278,237	3.86%	1,843
2019	29,394,154	65,883	29,328,271	923,963,971	3.17%	1,558
2020	39,428,065	459,971	38,968,094	945,971,580	4.12%	2,064

**City of Newton, Kansas**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2020**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Unified School District No. 373	\$ 22,130,000	74.08%	\$ 16,393,904
Harvey County	<u>2,605,000</u>	<u>39.79%</u>	<u>1,036,530</u>
	24,735,000		17,430,434
Direct debt, City of Newton: *			
General obligation bonds	<u>34,772,293</u>	<u>100.00%</u>	<u>34,772,293</u>
<b>Total direct and overlapping debt</b>	<u><u>\$ 59,507,293</u></u>	<u><u>87.72%</u></u>	<u><u>\$ 52,202,727</u></u>

**Source: Harvey Co Clerk, Notes to Financial Statements under Long-Term Debt**

*\*Direct Debt is related to General Obligation bonds & loans payable from Governmental Activities.*

**Note:** *Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments. The percentage applicable is estimated by determining the portion of another governmental unit's taxable assessed value that is within the boundaries of the city and divide this by each unit's total taxable assessed value.*

**City of Newton, Kansas**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Water & Sewer Revenue			Bonds			KDHE Revolving Loans			Total Revenue Coverage <sup>2</sup>	Special Assessment Bonds		
	Utility Service Charges	Less: Expenses <sup>1</sup>	Net Available Revenue	Debt Service (Next Fiscal Year)		Coverage <sup>2</sup>	Debt Service (Next Fiscal Year)		Special Assessment Collections		Debt Service (Next Fiscal Year)		Coverage <sup>2</sup>
				Principal	Interest		Principal	Interest			Principal	Interest	
2011	\$ 10,963,722	\$ 4,839,833	\$ 6,123,889	\$ 105,000	\$ 19,800	49.07	\$ 610,328	\$ 347,650	5.66	\$ 1,148,640	\$ 672,500	\$ 507,058	0.97
2012	10,734,426	5,284,176	5,450,250	110,000	13,500	44.13	631,701	326,276	5.04	1,090,213	682,500	428,397	0.98
2013	10,448,371	5,317,554	5,130,817	115,000	6,900	42.09	653,112	304,865	4.75	1,174,714	754,000	487,108	0.95
2014	13,120,387	5,609,635	7,510,752	-	-	n/a	675,270	282,707	7.84	1,220,746	749,500	444,276	1.02
2015	13,314,952	5,136,897	8,178,055	-	-	n/a	698,202	236,377	8.75	1,081,345	772,000	421,762	0.91
2016	12,475,392	5,212,188	7,263,204	-	-	n/a	2,355,221	617,608	2.44	1,092,156	683,753	254,328	1.16
2017	12,532,291	4,850,505	7,681,786	-	-	n/a	1,408,680	568,861	3.88	1,034,403	703,562	229,347	1.11
2018	12,448,105	3,950,335	8,497,770	-	-	n/a	1,342,662	510,596	4.59	1,067,070	700,711	209,361	1.17
2019	12,377,149	6,499,615	5,877,534	-	-	n/a	1,208,825	459,720	3.52	1,082,882	766,315	188,871	1.13
2020	12,460,376	7,931,518	4,528,858	-	-	n/a	1,139,452	404,168	2.93	935,050	832,357	201,503	0.90

**Note:** Details regarding the city's outstanding debt can be found in the notes on pages 61 - 65 and pages 114-119.

1 - Expenses do not include depreciation.

2 - The City maintains Net Revenues in the Combined Utility in an amount which will be not less than 125% of the amount required to be paid for debt service, on bonds or Permitted Loans, by the City in the next succeeding fiscal year.

**City of Newton, Kansas**  
**Schedule of Bonded Indebtedness by Category**  
**As of December 31, 2020**

Type of Debt	Date of <u>Issue</u>	Final <u>Maturity</u>	Interest Rates <u>%</u>	Original Principal <u>Amount</u>	Principal Outstanding <u>1/1/2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Refunded</u>	Principal Outstanding <u>12/31/2020</u>
<b>General Obligation:</b>									
Airport Improvements	09-01-04	09-01-24	5.25-6.00	\$ 515,000	\$ 195,000	\$ -	\$ 35,000	\$ -	\$ 160,000
Int Imp/Refunding	07-15-10	09-01-30	2.00-4.25	7,800,000	3,315,000	-	605,000	2,710,000	-
Improvements/Conf Center	12-15-10	12-01-30	2.00-4.375	2,935,000	2,015,000	-	150,000	1,865,000	-
Int Imp/Water/Sewer/Refunding	09-01-12	09-01-24	2.00-2.10	3,570,000	1,825,000	-	350,000	-	1,475,000
Int Imp/Water/Sewer/Refunding	03-26-13	09-01-33	2.00-2.10	9,595,000	8,175,000	-	855,000	-	7,320,000
Improvements/Land Purchase	10-30-15	09-01-26	2.00-3.10	1,130,000	820,000	-	110,000	-	710,000
Int Imp/Airport/Street/Water	12-18-15	09-01-36	3.00	2,570,000	2,570,000	-	-	-	2,570,000
Internal Improvements	12-30-15	09-01-27	2.00-3.00	2,500,000	1,880,000	-	215,000	-	1,665,000
Int Imp/Refunding	08-25-16	09-01-29	2.00-2.50	13,425,000	12,885,000	-	1,175,000	-	11,710,000
Internal Improvements	12-05-18	09-01-38	3.00-4.00	2,125,000	2,050,000	-	50,000	-	2,000,000
Internal Improvements	12-05-18	09-01-33	3.00-4.00	1,490,000	1,400,000	-	80,000	-	1,320,000
Int Impr/IRB Refunding				6,015,000	-	6,015,000			6,015,000
Int Imp/Water/Sewer/Refunding				9,575,000	-	9,575,000			9,575,000
Int Impr/Conf Center Refunding				1,790,000	-	1,790,000			1,790,000
<b>Total General Obligation Bonds</b>				<b>65,035,000</b>	<b>37,130,000</b>	<b>17,380,000</b>	<b>3,625,000</b>	<b>4,575,000</b>	<b>46,310,000</b>
<b>Other:</b>									
Kansas Public Water Supply	03-14-02	02-01-20	4.14	1,231,922	45,299	-	45,299	-	-
Kansas Water Pollution Control	11-09-01	09-01-20	3.03	1,207,034	210,881	-	68,191	-	142,690
Kansas Water Pollution Control	09-30-08	03-01-30	2.85	9,000,000	4,015,492	-	352,371	-	3,663,121
Kansas Public Water Supply	08-01-09	08-01-29	3.75	651,533	345,197	-	30,871	-	314,326
Kansas Public Water Supply	08-17-09	02-01-30	3.37	2,011,842	1,007,739	-	86,305	-	921,434
Kansas Water Pollution Control	11-01-13	03-01-35	2.83	16,850,860	12,048,490	-	1,625,786	-	10,422,704
<b>Total Other</b>				<b>32,023,341</b>	<b>17,673,098</b>	<b>-</b>	<b>2,208,823</b>	<b>-</b>	<b>15,464,275</b>
<b>Total Indebtedness</b>				<b>\$ 97,058,341</b>	<b>\$ 54,803,098</b>	<b>\$ 17,380,000</b>	<b>\$ 5,833,823</b>	<b>\$ 4,575,000</b>	<b>\$ 61,774,275</b>

**City of Newton, Kansas**  
**Schedule of Industrial Revenue Bonds by Obligee \***  
**As of December 31, 2020**

<b>Obligated Entity or Purpose</b>	<b>Series</b>	<b>Issue Date</b>	<b>Final Maturity</b>	<b>Original Principal Amount</b>	<b>Principal Outstanding 1/1/2020</b>	<b>Issued</b>	<b>Retired</b>	<b>Principal Outstanding 12/31/2020</b>
Newton Healthcare Corp.	2008	08/21/08	11/15/24	\$ 11,385,000	\$ 4,405,000	\$ -	\$ 805,000	\$ 3,600,000
JRW Investment L.L.C.	2011	07/08/11	12/31/21	800,000	192,890	-	93,183	99,707
YMCA	2015	06/04/15	06/30/22	16,000,000	9,000,000	-	3,000,000	6,000,000
				<u>\$ 32,985,000</u>	<u>\$ 13,597,890</u>	<u>\$ -</u>	<u>\$ 3,898,183</u>	<u>\$ 9,699,707</u>

**Note:**

*\* Issuance of these industrial revenue bonds is authorized by KSA 12 - 1740 et seq. KSA 12 - 1743 states in pertinent part "...The principal and interest of said bonds shall be payable solely and only from the special fund herein provided for such payments, and said bonds shall not in any respect be a general obligation of such city, nor shall they be payable in any manner by taxation..."*



**City of Newton, Kansas**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>School District 373 Enrollment (3)</b>	<b>Unemployment Rate % (4)</b>
2011	19,132	\$ 716,378,608	\$ 37,444	3,712	5.70%
2012	19,230	735,624,420	38,254	3,770	4.80%
2013	19,189	782,182,018	40,762	3,746	4.10%
2014	19,120	808,317,120	42,276	3,749	3.70%
2015	19,216	844,658,496	43,956	3,700	3.70%
2016	19,105	733,039,745	38,369	3,646	4.40%
2017	18,869	723,890,316	38,364	3,539	3.40%
2018	18,746	759,606,666	40,521	3,497	2.80%
2019	18,861	793,237,077	42,057	3,546	2.60%
2020	19,099	848,301,184	44,416	3,506	4.00%

**Sources:**

- (1) *Population estimates are taken from the Kansas Division of the Budget.*
- (2) *Bureau of Economic Analysis, for Harvey County, Kansas*
- (3) *School District 373 enrollment only. Private schools are not included.*
- (4) *Harvey County Economic Development Council, Inc.*

**City of Newton, Kansas**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<b>Employer *</b>	<b>2020</b>			<b>2011</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment</b>
NMC Health	875	1	5.4%	560	2	3.3%
Unified School District #373	852	2	5.2%	850	1	5.1%
Norcraft (dba Mid Continent Cabinetry)	615	3	3.8%	336	4	2.0%
BNSF Railway Company	380	4	2.3%	380	3	2.3%
Wal-Mart	271	5	1.7%	328	5	2.0%
Prairie View Hospital	252	6	1.5%	259	6	1.5%
Dillons Stores	243	7	1.5%	250	7	1.5%
ResCare Kansas	209	8	1.3%			
City of Newton	206	9	1.3%	198	8	1.2%
Harvey County	175	10	1.1%	184	10	1.1%
Asbury Park				195	9	1.2%
<b>Total</b>	<b>4,078</b>		<b>24.9%</b>	<b>3,540</b>		<b>21.1%</b>

**Source:**

*Harvey County Economic Development Council, Inc.*

**City of Newton, Kansas**  
**Full-time Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

<b><u>Function/Program</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
<b>General Government</b>										
Administration	17	17	19	17	17	16	17	15	17	19
Park and Cemetery	13	13	13	12	14	13	13	13	13	13
Law Department	4	4	4	4	4	2	2	2	2	3
Municipal Court	5	5	5	5	5	5	5	5	5	5
Information Technology	-	-	-	2	2	2	1	1	1	1
<b>Historic Preservation Planner</b>	-	-	-	1	1	-	-	-	-	-
<b>Convention Visitors Bureau</b>	-	1	1	1	1	1	1	1	1	1
<b>Public Safety</b>										
Fire/EMS	49	49	48	49	49	48	50	51	51	51
Police	38	38	37	38	38	40	42	41	40	41
<b>Public Works</b>										
Engineering	8	8	8	9	8	8	8	9	7	7
Facility Operations	2	2	2	2	3	4	4	4	4	4
Street Division	18	18	16	17	16	17	17	15	18	18
Shop Services	4	4	4	4	3	3	3	3	3	3
Water	14	14	14	14	13	13	13	13	14	14
Wastewater	11	11	11	10	10	12	12	11	11	10
Sanitation	10	10	10	8	8	8	7	8	8	9
<b>Airport</b>	4	5	5	5	6	5	6	6	6	6
<b>Total</b>	<b><u>197</u></b>	<b><u>199</u></b>	<b><u>197</u></b>	<b><u>198</u></b>	<b><u>198</u></b>	<b><u>197</u></b>	<b><u>201</u></b>	<b><u>198</u></b>	<b><u>201</u></b>	<b><u>205</u></b>

**Source:** *City of Newton Human Resource Department*

**City of Newton, Kansas**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Fire										
Emergency Medical Service calls	2,796	2,828	2,923	3,095	3,081	3,198	3,211	3,189	3,197	3,157
Fire calls	587	605	555	562	567	586	535	477	436	433
Fire inspections	710	701	823	807	763	39	826	811	810	761
Police										
Total calls	39,573	42,023	40,588	41,905	41,234	33,283	27,475	25,971	25,585	22,063
Reported crimes	987	1,339	1,510	1,163	1,449	1,430	1,444	1,356	1,098	970
Adult arrests	1,747	1,793	2,107	1,951	2,071	1,660	1,911	1,874	1,745	1,214
Juvenile arrests	208	190	169	216	239	249	341	342	301	151
Engineering Division										
New dwelling starts	15	24	16	12	17	21	116	11	9	15
Environmental caseload	1,004	1,046	869	1,211	1,103	913	930	1,077	1,062	1,060
Water										
Number of customers	7,703	7,704	7,706	7,719	7,760	7,756	7,764	7,854	7,866	7,876
Annual Consumption ( <i>thousands of cubic feet</i> )	112,335	105,994	87,394	86,695	82,834	73,892	75,079	79,940	72,388	78,064
Street										
Miles of streets overlaid or resurfaced	2.98	1.75	2.91	1.95	0.91	1.07	1.15	0.25	1.50	2.75
Square yards of streets sealed	114,800	159,821	117,055	132,440	190,767	202,256	129,399	155,091	117,370	10,170
Sanitation										
Tonnage landfilled	4,580	4,521	4,598	4,583	4,778	4,881	4,806	4,837	5,031	6,731
Tonnage recycled ( <i>Recycling began in 2001</i> )	1,577	1,786	1,750	1,691	1,636	1,590	1,537	1,535	1,510	402

**Source:** *Various city departments*

**City of Newton, Kansas**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Area of City ( <i>acres</i> )	8,376.72	8,532.22	9,131.28	9,131.28	9,134.42	9,312.37	9,343.62	9,346.71	9,385.01	9,385.78	9,503.92
Fire/EMS											
Stations	2	3	3	3	3	3	3	3	3	3	3
Firefighter/EMTs	45	44	45	45	46	46	45	45	44	45	45
Police											
Stations	1	1	1	1	1	1	1	1	1	1	1
Police officers	32	31	31	31	32	32	35	35	35	35	36
Street Division											
Miles of City streets - paved	26.20	28.03	28.13	28.13	28.16	28.89	29.51	29.85	29.85	29.97	29.97
Miles of City streets - blacktop	90.81	93.64	93.64	93.65	93.64	93.05	92.49	92.49	92.60	92.60	92.60
Miles of City streets - gravel	9.15	9.32	9.32	9.32	9.32	9.32	9.32	9.32	9.21	9.21	9.21
Miles of City streets - unimproved	14.62	14.31	14.21	14.21	14.18	14.04	14.75	14.41	14.53	14.53	14.53
Street employees	17	18	18	16	17	16	17	17	15	18	18
Water											
Water mains ( <i>miles</i> )	154.66	154.98	155.17	156.12	156.24	156.82	156.98	157.37	157.37	159.18	160.76
Wastewater											
Sanitary sewer ( <i>miles</i> )	119.45	120.03	120.26	121.10	121.26	121.63	121.70	122.35	122.78	122.93	122.93
Storm water sewer ( <i>miles</i> )	19.08	19.64	19.72	19.72	19.72	20.12	20.59	20.92	20.96	21.08	21.08

**Source:** Various city departments



**CITY DATA REPORT**  
**NEWTON, KANSAS**  
*For Year Ending: 12/31/2020*

<b>1. STREETS</b>		
A. Total miles of streets (center line), as of December 31, 2020		146.31 miles
B. Miles of streets paved, curbed & guttered in 2020		0.00 miles
C. Streets annexed in 2020		0.00 miles
D. Miles of different types of street surface		
1. Paved (concrete)		29.97 miles
2. Blacktop (various types of bases)		92.60 miles
3. Gravel / Sand		9.21 miles
4. Unimproved		14.53 miles
 <b>2. STREET MAINTENANCE</b>		
A. Miles of streets overlaid or resurfaced in 2020		2.75 miles
B. Square Yards of streets sealed in 2020		10,170 SY
 <b>3. SANITARY SEWER</b>		
A. Total miles of Sanitary Sewer, as of December 31, 2020		122.93 miles
B. Miles of Sanitary Sewer constructed in 2020		0.00 miles
C. Total Sanitary Sewer Manholes as of December 31, 2020		2,447
D. Sanitary Sewer Manholes constructed in 2020		0
 <b>4. STORM WATER SEWER</b>		
A. Total miles of Storm Water Sewer, as of December 31, 2020		21.08 miles
B. Miles of Storm Water Sewer constructed in 2020		0.00 miles
 <b>5. WATER LINES</b>		
A. Total miles of Water lines, as of December 31, 2020		160.76 miles
B. Miles of Water Transmission lines, as of December 31, 2020		19.76 miles
C. Miles of Water Distribution lines, as of December 31, 2020		141.00 miles
D. Miles of Water lines constructed in 2020		1.58 miles
E. Miles of Water lines acquired in 2020		0.00 miles
F. Total Fire Hydrants as of December 31, 2020		905
G. Fire Hydrants constructed in 2020		19
 <b>6. AREA OF CITY OF NEWTON</b>		
A. Total acres, as of December 31, 2020		9,503.92 acres
B. Acres annexed in 2020		118.14 acres
C. Acres de-annexed in 2020		0.00 acres
 <b>7. SUBDIVISIONS</b>		
A. Plat or PUD		
1. none		
B. New Subdivision Development (Construction)		
1. none		
C. New Phase of Existing Subdivision		
1. none		



**CITY DATA REPORT**  
**NEWTON, KANSAS**  
*For Year Ending: 12/31/2020*

**7. SUBDIVISIONS (cont.)**

- D. Capital Improvement Projects
  - 1. Old Main - Sanitary Sewer Rehabilitation
  - 2. Sand Creek Dam Replacemen
  - 3. Airport Waterline Extension
- E. Miscellaneous Projects
  - 1. Law Enforcement Center Remodel

**8. BUILDING CONSTRUCTION PERMITS**

A. Total new single residence permits 2020	15	\$ 2,603,625
B. Multiple dwelling units		
1. Total number of dwelling units	0	\$ -
C. Total single and multiple dwelling units	15	\$ 2,603,625
D. Total permits issued in 2020	461	\$ 14,899,315

**9. PARKS**

- A. Total acres of Parks in City of Newton 291.99 acres
- B. Individual Parks (Name, Area, Date acquired)

<u>Park</u>	<u>Location</u>	<u>Type</u>	<u>Acreage</u>	<u>Year Established</u>
1. Themian	7 <sup>th</sup> & Poplar	School	3.71	1875
2. Military	Broadway & Oak	Community	3.71	1871
3. Athletic	1 <sup>st</sup> & W. Side Sand Creek	Community	38.99	1897
	Lot 5 & 6, Moore Addition	Community	0.13	1963
4. Washington	Pine & Washington Road (@ Slate Creek)	Community	9.43	1937
5. Parkview Heights	NE Side 5 <sup>th</sup> & Pine, N Side Creek	Linear	1.68	1941
6. Havens	12 <sup>th</sup> & Oak	Neighborhood	0.88	1950
7. Park Place	W. Side Sand Creek (between 5 <sup>th</sup> & Broadway)	Linear	0.64	1950
8. Blaine	East 4 <sup>th</sup> - Cemetery (both sides creek to Blaine)	Linear	1.33	1959
9. Greenwood Cemetery	Between 1 <sup>st</sup> & 5 <sup>th</sup> , Sherman & 1-135	Community	62.00	1871
10. Rodeo Grounds	West 1 <sup>st</sup> to Sand Creek (Creek to Grandview)	Community	13.00	1960
	Lots 1 & 3, BL. 5 Fairfield Distr.	Community	0.43	1961
11. Caperland	In Housing Addition (E. of 1-135, N. of Broadway)	Neighborhood	1.79	1963
	West 380 feet			
12. Ash Street	10 <sup>th</sup> & Ash	Neighborhood	4.55	1964
13. Bi-Centennial	NE Corner 14 <sup>th</sup> & Kansas	Community	59.35	1971
14. East Centennial	Area E. of Centennial Park	Community	51.60	1979
15. West Centennial	W. Side of Kansas, Sledding Hill	Community	5.45	
16. Okerberg	W. part B1.44 @ Rec Center	Neighborhood	3.71	1974
17. Mid-town Arboretum	NW Corner 8 <sup>th</sup> & Main	Neighborhood	1.38	1977
18. Depot Park	SE Corner 5 <sup>th</sup> & Main	Pocket	0.18	1978
19. Plum-Brook	Plum & Brookside, N. of Cherry Hills	Neighborhood	2.10	1981
20. Quail Creek	Block 2, Quail Creek Estates 3 <sup>rd</sup> Addition	Neighborhood	1.78	1985



**CITY DATA REPORT**  
**NEWTON, KANSAS**  
*For Year Ending: 12/31/2020*

**9. PARKS (cont.)**

B. Individual Parks (Name, Area, Date acquired) (cont.)

<u>Park</u>	<u>Location</u>	<u>Type</u>	<u>Acreage</u>	<u>Year Established</u>
21. Veazey	N. of 14 <sup>th</sup> @ Oak, side Sand Creek	Pocket	1.35	1987
22. Sherman	SE Corner 12 <sup>th</sup> & Sherman	Neighborhood	2.75	1981
23. Roosevelt	SE Corner Broadway & Magnolia	Neighborhood	2.15	2007
24. Lincoln Park	Elm & West 6 <sup>th</sup> Streets	Neighborhood	0.63	2002
25. Springlake	110 Springlake Dr	Neighborhood	12.00	2009
C. Total miles of Bike-Hike Path			6.96	miles
Miles of Bike-Hike Path constructed in 2020			0.00	miles

**10. ELEVATIONS AT VARIOUS POINTS**

- A. At the south side of the Main Street entrance to the old Post Office Building, and in the stone step, a standard disk, "X21 1934" , Elevation 1451.710.
- B. In the stone base of the West wall of the Atchinson, Topeka and Santa Fe Railway Station, 17 1/2 feet north of the southwest corner of the building, and 14 inches above the Main Street sidewalk. A standard disk, stamped "Newton 1934", elevation 1447.976.
- C. Newton Municipal Airport - highest point of runway 8-26 1533.46.

**11. GEODETIC LOCATION**

- A. Service Center
  - Latitude 38 degrees 01' 53.2"
  - Longitude 97 degrees 20' 08"
- B. Newton Municipal Airport
  - Latitude 38 degrees 03' 19.2"
  - Longitude 97 degrees 16' 38"



CITY OF NEWTON, KANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Treasury:		
CARES Act Funding - Passed through the State of Kansas - Harvey County:		
Strengthening People and Revitalizing Kansas (SPARK)		
COVID-19-CRF Funds - Reimbursable	21.019	\$ 118,232
COVID-19-CRF Funds - Direct Aid	21.019	<u>385,100</u>
Total U.S. Department of Treasury		<u>503,332</u>
U.S. Department of Justice:		
Passed through Kansas Office of the Governor:		
Violence Against Women Act Grant	16.588	83,457
Patrick Leahy Bullet Proof Vest Partnership	16.607	5,793
COVID-19-BJA FY 20 Coronavirus Emergency Supplemental Funding Program	16.034	32,696
U.S. Department of Homeland Security:		
FEMA - EMW-2018-FO-00058	97.044	6,688
COVID-19-Supplemental - EMW-2020-FG-00095	97.044	<u>7,449</u>
Total U.S. Department of Homeland Security		<u>14,137</u>
U.S. Department of Transportation:		
COVID-19 - CARES	20.106	69,000
Taxiway E Design Grant	20.106	<u>457,765</u>
Total U.S. Department of Transportation		<u>526,765</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,166,180</u></u>

See accompanying notes to schedule of  
expenditures of federal awards.

CITY OF NEWTON, KANSAS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
December 31, 2020

1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Newton, Kansas (the City) under programs of the federal government for the year ended December 31, 2020. The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards passed through other government agencies are included on the Schedule. 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, it is not intended to and does not present the net position, changes in net position, or, where applicable, cash flows of the City.

2 - Summary of Significant Accounting Policies

The Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements. The expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF NEWTON, KANSAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended December 31, 2020

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses:	None
Noncompliance material to financial statements	None reported

Federal Awards

Type of auditors’ report issued on compliance for major program	Unmodified
Internal control over major program:	
Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	None

Identification of major program:

<u>CDFA Number</u>	<u>Name of Federal Program</u>
20.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
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Auditee qualified as a low-risk auditee:	No
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(Continued)

CITY OF NEWTON, KANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

<b>Section II – Financial Statement Findings</b>	None
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<b>Section III – Federal Award Findings and Questioned Costs</b>	None
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Certified Public Accountants

**INDEPENDENT AUDITORS' 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**

Mayor and City Commissioners  
City of Newton, Kansas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Kansas (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2021. Our report includes a reference to other auditors who audited the financial statements of the Housing Authority of the City of Newton, Kansas (the Housing Authority), as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Newton Public Library were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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.

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. However, material weaknesses may exist that have not been identified.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

BT + Co., P.A.

June 24, 2021  
Topeka, Kansas



Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE**

Mayor and City Commissioners  
City of Newton, Kansas:

**Report on Compliance for Each Major Federal Program**

We have audited the City of Newton, Kansas's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2020. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the City'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 auditing standards generally accepted in the United States of America; 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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the City 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 December 31, 2020.

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## Report on Internal Control Over Compliance

Management of the City 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'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 that are 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'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, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

BT + Co., P.A.

June 24, 2021  
Topeka, Kansas