

What is a Financial Plan

A Financial Plan provides a “road map” for where the City wants to go financially and its plans to get there by combining financial forecasting with financial strategizing. The underlying goal being that the plan can be used as a tool to identify problems, opportunities, and provide an avenue for the City Commission, citizens and staff to discuss policy.

The Financial Plan will guide the City Commission toward:

- How the City government spends money
- What activities are funded
- How the City government pays for its activities
- How much revenue does it raise through different kinds of taxes, fees for services, or aid from the State and Federal governments
- Balancing the City’s budget

The City runs surpluses when revenues are greater than spending. Conversely, gaps are projected when spending is expected to exceed revenues. The City can raise revenues or cut spending to balance its budget. Sometimes, however, the City has used a surplus in one year to close a gap in a future year.

Why do we need a Financial Plan?

A Financial Plan is needed as a communication aide to citizens, staff and rating agencies. When the City Commission and staff receive questions from constituents, the Financial Plan will: i) help provide an answer, ii) provide documentation to support the answer and iii) provide consistency. The purpose of the financial plan is to evaluate current and future fiscal conditions to guide policy and programmatic decisions.

What are the Elements of a Financial Plan?

The elements of a financial plan can be broken down into four major phases:

1. The mobilization phase puts in place the cornerstones for financial planning: resources needed to undertake planning, preliminary financial analysis, definition of the underlying purpose of the planning process, the City’s service-level preferences, financial policies, and define the scope for the planning effort.
2. The analysis phase focuses on the City’s financial position, making long-term projections, and then analyzing the City’s probable future financial position.
3. The decision phase is where strategies, plans, and adjustments are created and agreed upon.
4. The execution phase carries the plan forward into action.

Who Benefits From Having a Financial Plan

Several groups benefit directly from seeing that the City of Newton has a Financial Plan:

- **Citizens:** Effective financial stewardship enhances the quality of life for a community, increasing the desirability of the community as a place to live.
- **City Commission:** Financial plans offer guidance to new Commission members with the City’s finances. The plan also serves as an ongoing context for Commission decisions, thereby providing consistency and quality control.
- **Potential Businesses/Industries:** Financial Plans increase the desirability of the community as a place to locate.
- **Department Heads & Staff:** Knowing that the City’s financial future is a priority with the Commission allows staff to focus on effective service delivery.

Fund Balances

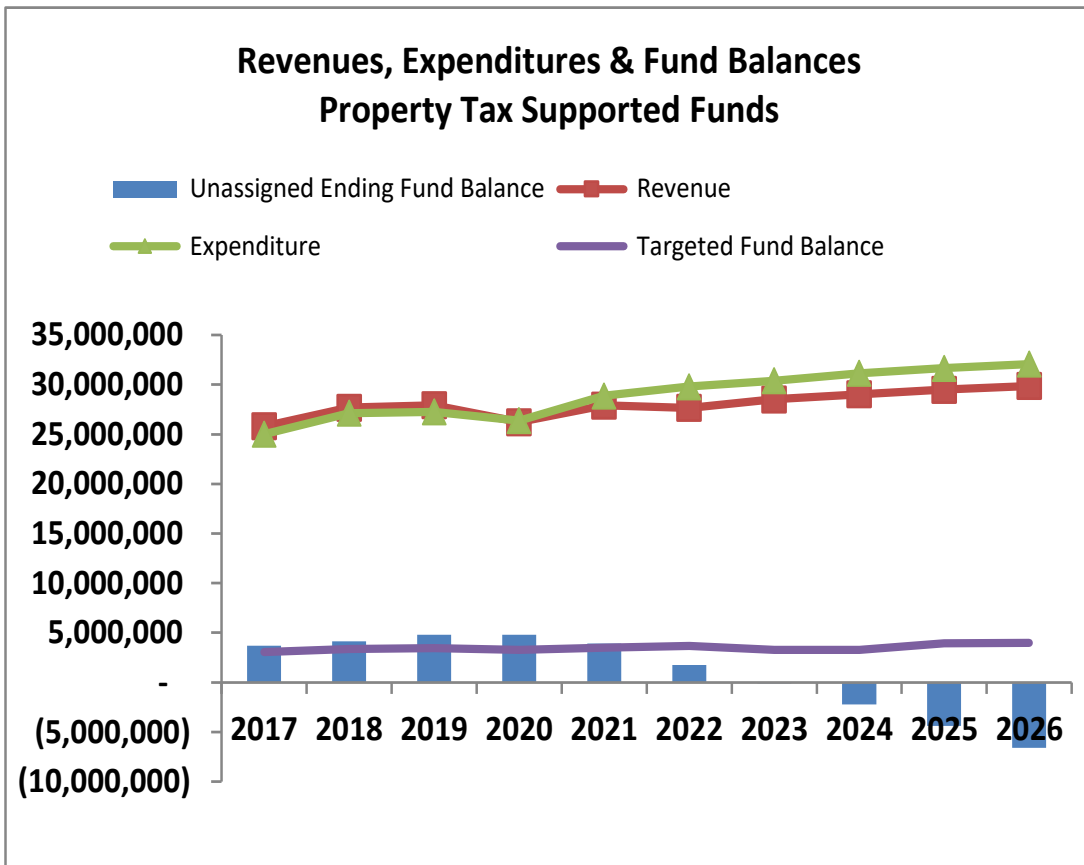
A number of funds in the financial plan are projected to decrease their fund balances below the minimum requirements. The revenues and expenditure assumptions do not take into account actions that the City Commission will take to ensure that this does not occur during any operating budget year.

Forecasting Methodology

The City uses a variety of forecasting methods to develop a five-year revenue and expenditure plan. A combination of time regression; moving average; autoregressive, integrated moving average, and most recent observed actual value were taken into consideration while forecasting. The plan incorporates operating and capital budget data to determine the availability of resources to fund anticipated (and unanticipated) expenditures. A special approach was used to project Ad Valorem Property Tax. First, City Assessed Valuation is projected using a trend regression. Then an estimate of the Mill Levy to arrive at an estimated property tax levy for the year. Then the historical collection rates are calculated.

This financial plan has two sections:

1. Property Tax Supported Operations (General Fund, Debt Service Fund, Airport Fund, Library Fund and Special Liability Fund).
2. Enterprise Fund Operations (Water, Wastewater, Sanitation, Golf Course and Meridian Center).



	Financial Plan 2021 - 2026									
	City Wide Property Tax Supported Funds					ADOPTED 2022	PROJECTED 2023	PROJECTED 2024	PROJECTED 2025	PROJECTED 2026
	ACTUAL 2017	ACTUAL 2018	ACTUAL 2019	ACTUAL 2020	BUDGET 2021					
Beginning Balance	2,800,824	3,688,588	4,148,264	4,805,638	4,791,443	3,903,834	1,754,051	(112,458)	(2,244,214)	(4,392,673)
OPERATING REVENUE										
Taxes										
Property Tax	6,562,836	7,391,204	7,457,141	7,731,733	7,735,974	7,995,391	8,121,127	8,229,377	8,348,003	8,470,509
Motor Vehicle Tax	801,830	908,829	947,123	996,135	991,277	1,014,987	1,030,310	1,051,945	1,073,416	1,095,465
Local Sales Tax	1,988,778	1,974,671	2,095,957	2,152,267	2,050,000	2,150,000	2,203,750	2,258,844	2,315,315	2,373,198
Local Sales Tax - Special	3,117,546	3,059,715	3,233,654	3,337,869	3,200,000	3,275,000	3,356,875	3,440,797	3,526,817	3,614,987
Franchise Tax	1,551,792	1,643,458	1,533,004	1,468,435	1,600,000	1,600,000	1,616,000	1,632,160	1,648,482	1,664,966
Other Taxes	693,321	53,902	86,341	81,418	86,089	84,690	84,337	84,390	83,961	83,944
Total Taxes	14,716,103	15,031,779	15,353,220	15,767,857	15,663,340	16,120,068	16,412,399	16,697,513	16,995,993	17,303,069
Intergovernmental Revenue	336,596	218,290	222,975	574,094	253,000	53,000	53,000	53,000	53,000	53,000
License & Permits	268,271	211,192	179,581	246,223	200,550	218,450	215,440	218,497	219,762	221,041
Charges for Services	1,970,579	1,812,218	1,972,523	1,710,623	1,884,240	1,875,240	1,875,742	1,892,250	1,909,272	1,926,465
Fines, Penalties & Forfeitures	393,727	454,224	454,634	345,461	500,000	475,000	475,000	475,000	475,000	475,000
Use of Money	157,592	386,454	591,266	200,885	400,000	250,000	400,000	410,000	420,250	430,756
Other Revenue	499,749	509,684	497,588	540,048	507,500	522,500	528,800	533,598	538,443	543,337
Sales & Rental	1,410,016	1,291,609	1,240,444	1,090,265	1,437,114	1,371,963	1,377,564	1,388,764	1,400,188	1,411,840
Charges & Other Revenues	7,469	14,221	11,073	6,390	9,000	9,000	9,446	9,717	9,683	9,687
Special Receipts	1,163,990	1,292,360	1,112,889	952,811	1,093,105	1,057,515	1,126,394	1,124,682	890,179	888,965
Transfer In	4,893,400	6,467,413	6,294,160	4,801,806	5,961,870	5,709,557	6,063,295	6,227,053	6,596,450	6,615,445
Total Operating Revenue	25,817,492	27,689,444	27,930,353	26,236,463	27,909,719	27,662,293	28,537,081	29,030,073	29,508,220	29,878,604
OPERATING EXPENDITURES										
Personal Services	12,043,918	13,579,852	13,969,083	12,927,888	13,615,241	14,732,523	15,094,837	15,432,011	15,779,700	16,138,545
Contractual Services										
Bond & Interest Payments	4,719,716	4,697,338	4,467,428	4,749,774	6,114,399	5,502,373	6,110,506	6,906,098	6,980,809	6,980,809
Other Contractual Services	2,211,040	2,842,915	2,838,079	2,793,301	3,346,045	3,418,201	3,377,522	3,397,082	3,424,055	3,450,534
Total Contractual Services	6,930,756	7,540,253	7,305,507	7,543,075	9,460,444	8,920,574	9,498,028	10,313,180	10,414,864	10,441,343
Commodities & Supplies	1,468,925	1,330,758	1,164,961	978,593	1,173,010	1,233,430	1,199,907	1,207,256	1,215,000	1,223,393
Vehicle Operating	426,282	492,606	488,431	421,783	525,200	520,933	520,422	521,852	523,291	523,738
Capital Outlays	131,840	154,458	53,289	92,758	76,600	298,600	66,000	66,000	66,000	66,000
Transfer Out	4,023,007	4,032,859	4,291,708	4,419,207	4,025,169	4,106,016	4,034,396	3,621,531	3,657,824	3,691,782
Total Operating Expenditures	25,024,728	27,130,786	27,272,979	26,383,304	28,875,664	29,812,076	30,413,589	31,161,830	31,656,679	32,084,801
Ending Balance	3,593,588	4,247,246	4,805,638	4,791,443	3,903,834	1,754,051	(112,458)	(2,244,214)	(4,392,673)	(6,598,870)
City Assessed Valuation	119,803,769	120,329,442	122,956,830	125,194,134	128,185,872	129,732,955	131,356,872	133,132,197	135,079,518	137,093,688
Mill Levy	57.121	60.326	62.509	62.470	62.535	62.535	62.535	62.535	62.535	62.535

REVENUE ANALYSIS

The City of Newton collects revenues from a variety of sources. The discussion on revenue projections will focus on nine (9) distinct revenue sources.

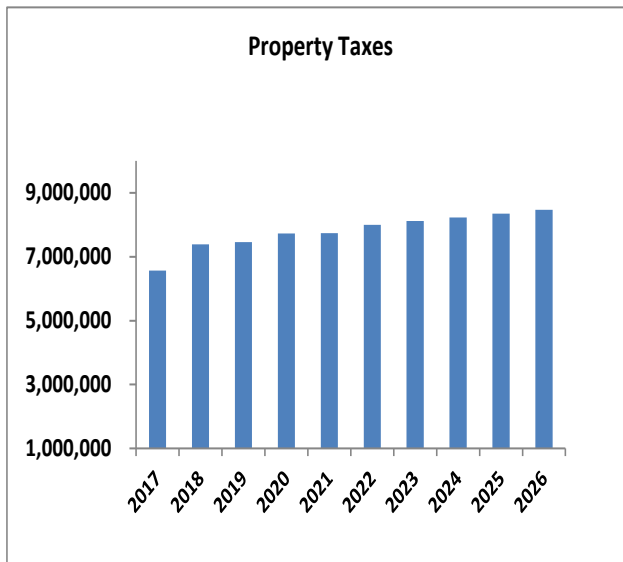
1. Property Tax
2. Transfer In
3. Original 1% Local Sales & Use Tax
4. Additional 1% Local Sales & Use Tax
5. Charges for Services
6. Sales & Rental
7. Franchise Tax
8. Special Receipts
9. Motor Vehicle Tax

Property Tax

Property tax is the largest revenue source for property tax-supported funds. The General Fund receives 73% of all property taxes collected by the City. These revenues are used to fund the majority of City services that are not able to self-finance their operations. 16% of property tax revenue is allocated for debt service and 8.9% is designated for funding the library operation budget.

The 2022 mill levy will be 62.535. The mill levy has not increased from 2019 to 2022. Property tax projections take into account:

- Property tax increase in future periods as % of CPI;



Property Tax Supported Funds Revenues		
	2022 Budget	% of Total
Property Tax	7,995,391	28.9%
Transfer In	5,709,557	20.6%
Additional Local Sales Tax	3,275,000	11.8%
Original Local Sales Tax	2,150,000	7.8%
Charges for Services	1,875,240	6.8%
Sales & Rental Revenue	1,371,963	5.0%
Franchise Tax Revenue	1,600,000	5.8%
Special Receipts	1,057,515	3.8%
Motor Vehicle Tax	1,014,987	3.7%
Other Tax Revenue	84,690	0.3%
Fines, Penalties & Forfeit.	475,000	1.7%
Other Revenue	522,500	1.9%
License & Permits	218,450	0.8%
Intergovernmental Rev.	53,000	0.2%
Uses of Money	250,000	0.9%
Charges & Other Rev.	9,000	0.0%
	27,662,293	100%

- Increase in assessed valuation as result of assessment values and increase in construction activity.

Transfer In

Transfer In reflects funds transferred within funds and from other funds. Items included are transfers into the General Fund for capital improvement reserves and transfers from the enterprise funds (solid waste, wastewater & water). The Enterprise Fund transfers are to account for citywide administrative support for those operations. Additional transfers include transfers from the Special Highway Fund.

Original 1% Local Sales & Use Tax

This is one of the two local sales taxes levied in Harvey County for a total of 2%. The tax combines sales and use tax. Sales tax is paid on purchases made within Harvey County while the local use tax is paid on tangible personal property purchased from other states and used, stored, or consumed in Kansas where no sales tax was paid. The City receives a share of the 1% local sales assessed in Harvey County. The distribution formula is based on the City's population. Currently the City's share is 43.03%. In 2011, the State of Kansas increased the Statewide sales tax from 5.3% to 6.3%. In 2013, the State lowered the Statewide sales tax to 6.15%.

City	Distribution of Original 1% Sales Tax
Burrton	1.8835%
Halstead	5.0368%
Hesston	7.8738%
Newton	43.0271%
North Newton	3.5136%
Sedgwick	3.4394%
Walton	0.4846%
Harvey Unincorporated	34.7412%
	100.00%

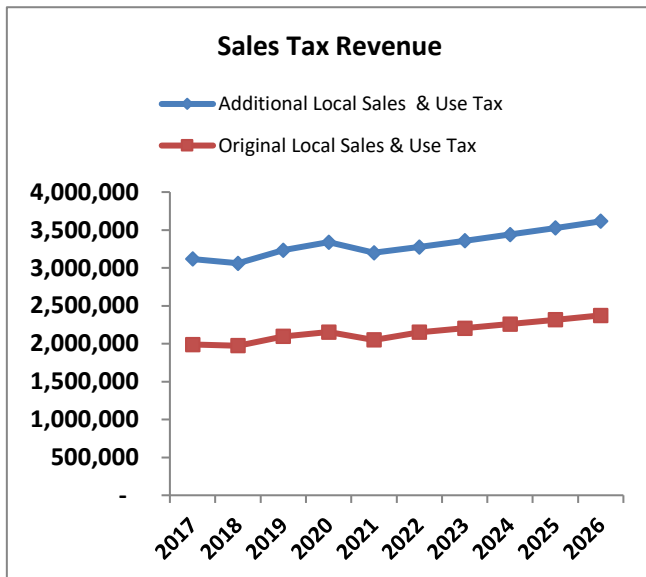
Additional 1% Local Sales & Use Tax

In 2006 the voters of Harvey County approved an additional 1% sales & use tax. The purpose of the sales tax was to provide property tax relief to citizens. Based on a predetermined distribution formula partly associated with the population and points of sale, the City of Newton received 66.54% of sales tax collected in Harvey County in 2021.

City	Distribution of Additional 1% Sales Tax
Burrton	1.4897%
Halstead	3.9837%
Hesston	6.2275%
Newton	66.5375%
North Newton	2.7790%
Sedgwick	2.7203%
Walton	0.3833%
Harvey Unincorporated	15.8791%
	100.000%

Projections for both sales and use tax revenues are based on:

- Increase in taxable retail sales
- Increase in population of the City leading to an increased share of distribution



- Sales tax rate remaining the same during the planning period

Charges for Services

Charges for Services include fees the City charges for use of its services. Some of the fees the City charges include ambulance fees, administrative fees, building inspection fees, cemetery services, engineering services, rural ambulance services and rural fire services. Some of these services are paid directly by the recipients of services and some, such as ambulance service fees, are paid by third parties such as Medicare/Medicaid and health insurance companies. The City also contracts with



other jurisdictions for services.

Projections for charges for service revenues are based on:

- Revising fee schedules
- Increased billing and collection activity
- Increased volume of services offered

Sales & Rental

Sales and rental revenue is mostly generated from the operations of the City-County Airport. The largest share of this revenue is from sale of aviation fuel at the airport and the lease of buildings at the airport facility. There are several hangars at the facility that are leased to private entities.

Projections for sales & rental revenues are based on:

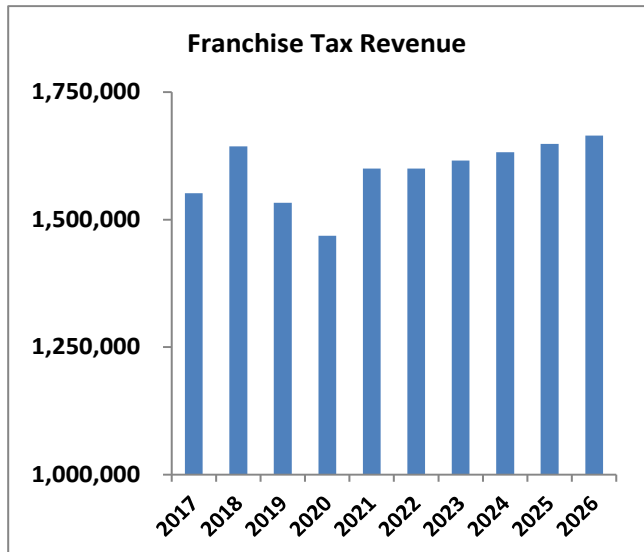
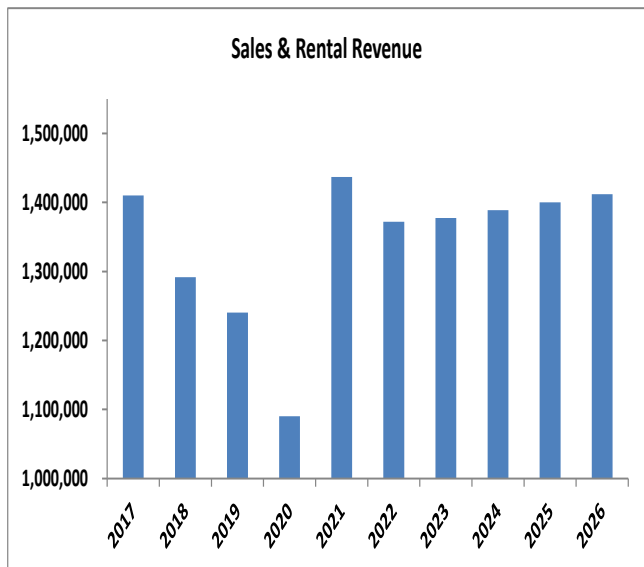
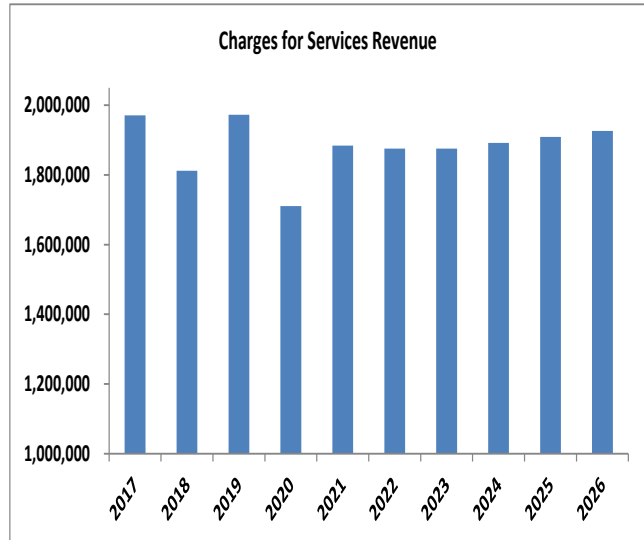
- Increase in volume and services offered

Franchise Tax

Cities charge a franchise fee whenever public easements and rights-of-way are used for private business. Franchise fees are calculated as a percentage of each company’s total utility revenues. The City has franchise requirements for cable television, telecommunications, electric power utility services and the transportation, distribution and sale of natural gas. These apply to the extent they utilize the public rights of way for their systems. The major authorized franchisees are:

- Cox Communications (cable TV) – under a State franchise
- Evergy
- Kansas Gas Service
- Southwestern Bell

Additionally, the City requires that any natural gas reseller operating in the City through someone else’s transportation lines or distribution system and any



telecommunication provider or reseller operating in the City must also have a franchise license.

Special Receipts

Special receipts are revenues related to the issues of bonds for project financing. The largest component of special receipts are special assessments. A Special Assessment is a fee collected by the City for improvements to new housing additions. Typically the improvements are for water, sewer and street developments. The revenue collected from special assessments is used to repay debt incurred to make these improvements.

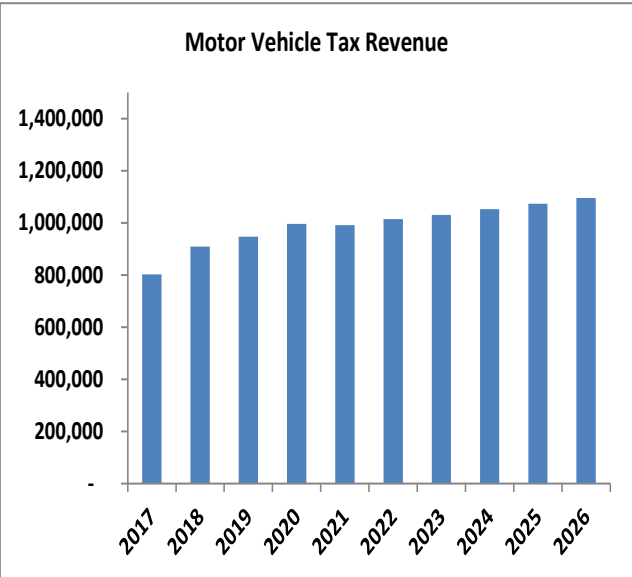
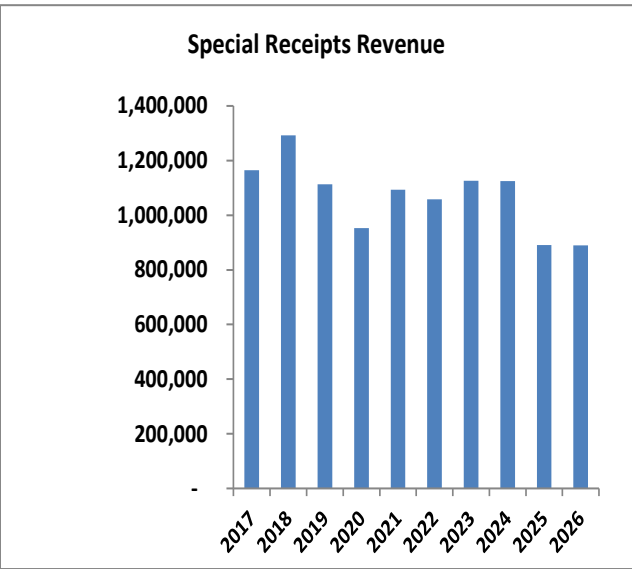
Motor Vehicle Tax

All motor vehicles subject to taxation are classified into 20 vehicle classes based on their value. The tax rate is based on the average county-wide mill levy, which is defined as the amount of general property taxes levied within the County by all taxing authorities. The distribution of the taxes is based on the residency of the owner and the ratio of levied taxes by the taxing authority to the total taxes levied.

EXPENDITURE ANALYSIS

Budgeted expenditures are grouped into 6 expenditures categories. Personnel Services, Contractual Services, Commodities & Supplies, Vehicle Operating, Capital Outlay & Transfer Out.

Personnel services is the largest expenditure category, accounting for 49% of property tax-supported expenditure. Contractual services is the second-largest expenditure category, accounting for 30% of



property tax-supported expenditure. The General Fund accounts for 74% of property tax-supported expenditures while the Debt Service Fund accounts for 18% of property tax supported expenditures.

Budgeted Expenditures Property Tax Supported Funds		
	2022 Budget	% of Total
Personal Services	14,732,523	49%
Contractual Services	8,920,574	30%
Commodities & Supplies	1,233,430	4%
Vehicle Operating	520,933	2%
Capital Outlay	298,600	1%
Transfer Out	4,106,016	14%
	29,812,076	100%

Personnel Services

Most of these costs are for full-time personnel, with the remainder being temporary help costs. All



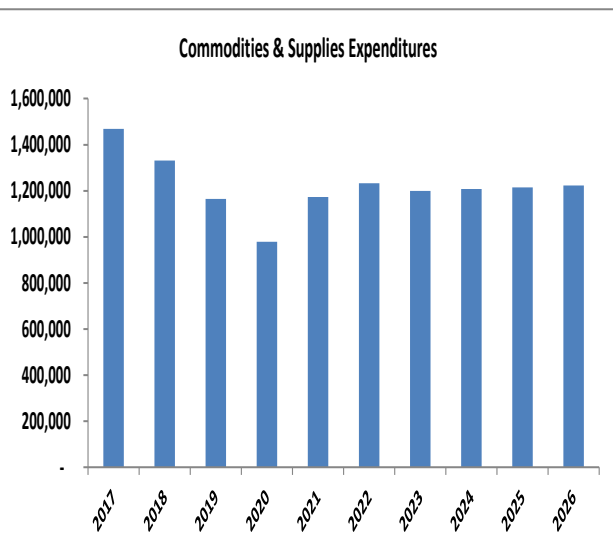
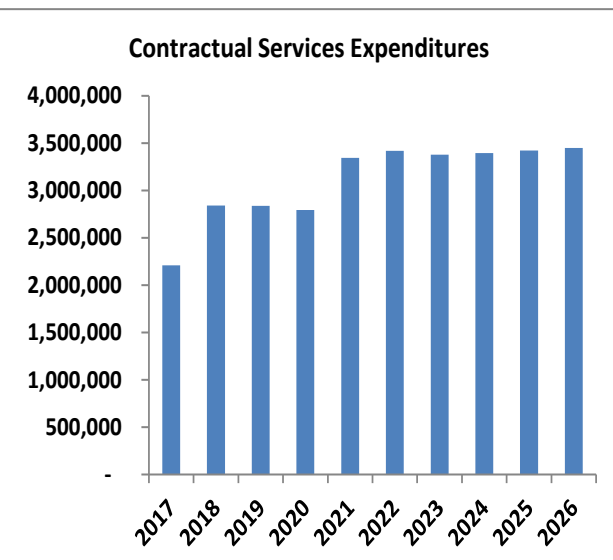
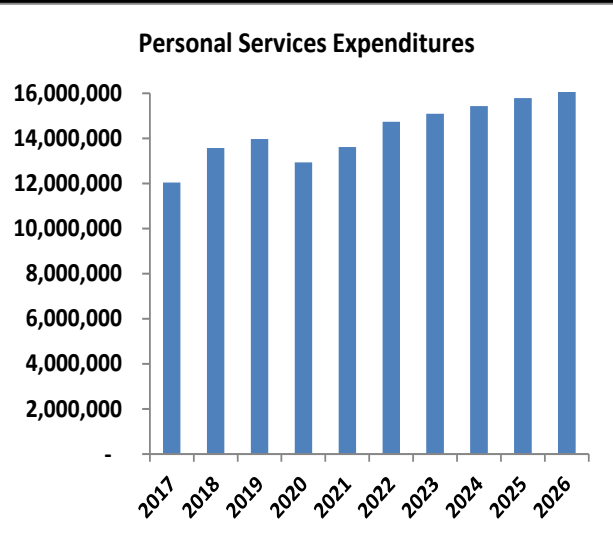
employee benefits, including Social Security, Medicare, pension, health and dental insurance, worker’s compensation, etc., are included in Personnel Services. The City offers a health insurance plan for eligible employees. City health plan costs continue to rise, but have been under national percentage increases. The City periodically reviews the plan providers to assess their competitiveness in the current market. The personnel services projections usually include an annual 3% step increase for eligible employees.

Contractual Services

Contractual services include services purchased and delivered by external entities. Included in this category are payments of debt service. The debt service projection has been split to provide a better understanding of the City’s cost of debt issuance. 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.

Commodities & Supplies

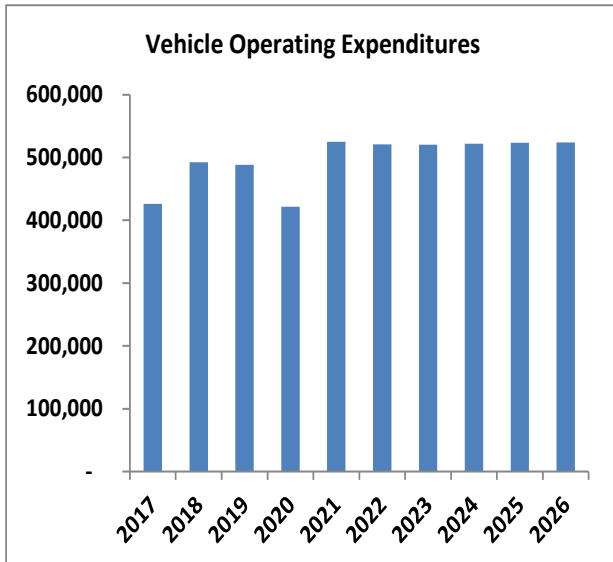
Commodities & Supplies include purchases of tangible items and tools required for effective day to day operation. Items under this category are typically not long term. The largest single expenditure item in this category is aviation fuel. The Airport purchases aviation fuel for resale. The decrease in spending on fuel is the result of airport tenants who are also fuel customers exercising their right to self fuel.



The price of fuel continues to be the major influence on the expenditure and revenue projections.

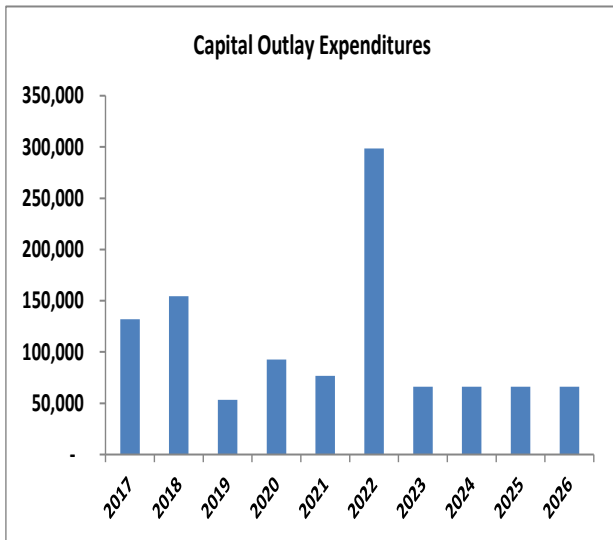
Vehicle Operating

Vehicle operating accounts for expenditures related to the operations of City vehicles. The Departments with the largest vehicle operating expense in the property tax supported funds are Fire, Police, Street and Parks. Future projections are based on price inflation and as vehicles age, the cost of operating them typically increases.



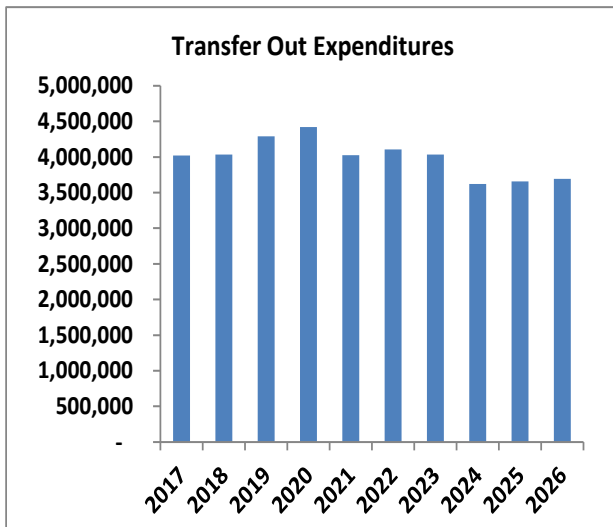
Capital Outlay

Capital outlay are expenses that add a fixed asset to the City. Purchases are normally considered a capital outlay if they benefit the City for more than one year. The City has an aggressive equipment reserve program. Most capital outlays are purchased through the equipment reserve programs. When an item is bought, the City determines the lifespan of that item and then sets aside funds each year for the life of the equipment and pays cash for its replacement. This allows the City to pay cash for most items rather than finance them.



Transfer Out

Within statutory limits, the City is allowed to transfer funding from property tax-supported funds to other funds to finance equipment purchases and other capital improvements. Transfers are typically scheduled. The most common transfer is the transfer to the equipment reserve.



SUMMARY BY PROPERTY TAX FUNDS

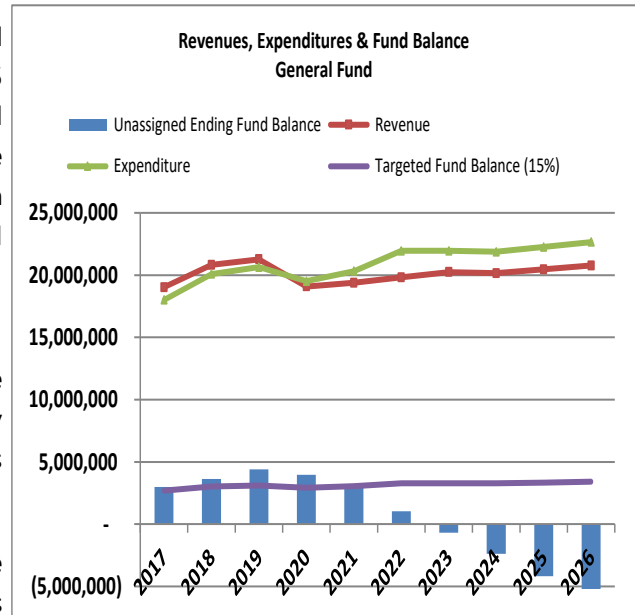
The following section will provide a brief discussion of each property tax-supported fund included in the Financial Plan, outline current and future fund balance projections, and discuss major fiscal challenges anticipated to impact the fund over the planning period.

General Fund

The City’s fund balance policy requires the General Fund to maintain a minimum balance equal to 15 percent of actual expenditures. Currently, the fund has built a balance exceeding this amount, but the fund is projected to fall below the minimum balance requirement, and policy decisions will need to be made during the planning period.

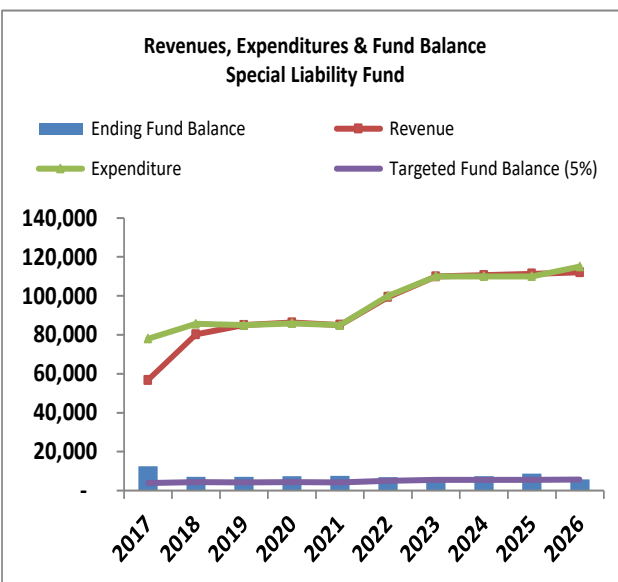
Major fiscal challenges:

- Absorbing over the next several years the impact of economic conditions on various key revenues, such as property taxes and retail sales tax and investment income.
- Maintaining current services and/or service levels as the availability of funding diminishes due to the economic environment.
- Limitations in the ability to address unplanned and emergency funding needs when they arise as the fund balances decline.



Special Liability Fund

Kansas Statutes allow municipalities to establish a special fund to meet the costs for the defense of the City and its employees in lieu of paying these costs out of the General Fund or other existing funds of the municipality. Governing bodies may create and establish a special liability expense fund for the payment of such costs and may place in this fund any moneys received by the municipality from any source whatsoever which may be lawfully utilized for such purpose including the proceeds of tax levies.



Major fiscal challenges:

- The impact of the assessed valuation on property tax revenues.
- Projecting the financing needs of the fund remains a challenge.

Library Fund

The Newton Public Library, although a separate legal entity, is governed by a Board, the appointees of which are approved by the City Commission. The Library is not a separate taxing entity under State Statutes and the City levies taxes for the library operation, which represent a significant portion of its total revenues.

Major fiscal challenges:

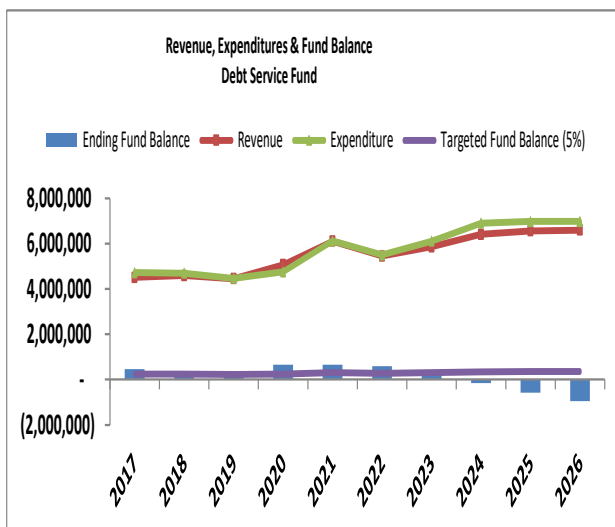
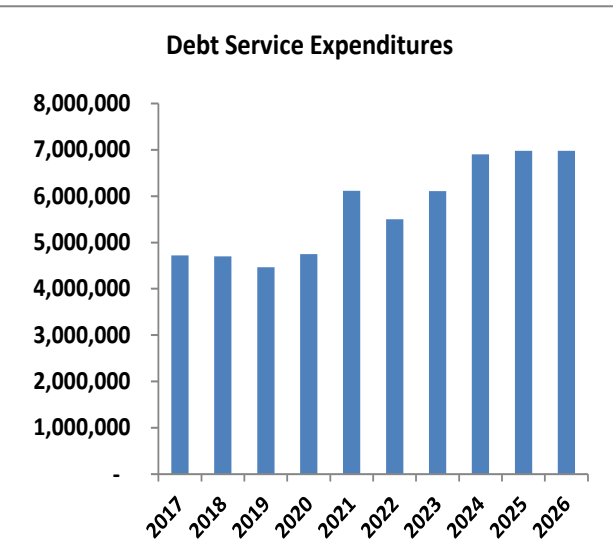
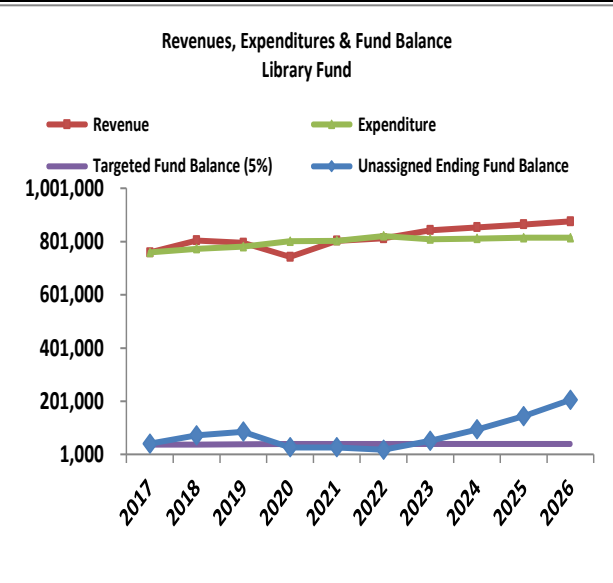
- The impact of the assessed valuation on property tax revenues.
- The library facility needs more space in order to continue to provide needed library services. Financing these needs remains a challenge.

Debt Service Fund

Large capital improvements projects for the City of Newton require long-term financing through municipal bonds. The Bond and Interest Funds (Debt Service Fund) provides for the retirement of General Obligation, Public Building Commission (PBC) revenue bonds and special assessment bonds of the City of Newton. Each year, the City levies taxes that, together with special assessments credited to this Fund, are sufficient to pay the principal and interest payments due throughout the year.

Major fiscal challenges:

- The impact of the assessed valuation on property tax revenues.
- The State of Kansas places strict limits on the amount of debt cities can incur in the course of improving capital infrastructure. As the City seeks to grow, so do the capital and infrastructure needs to meet that growth. The City continues to aggressively seek alternative sources of financing capital infrastructure.



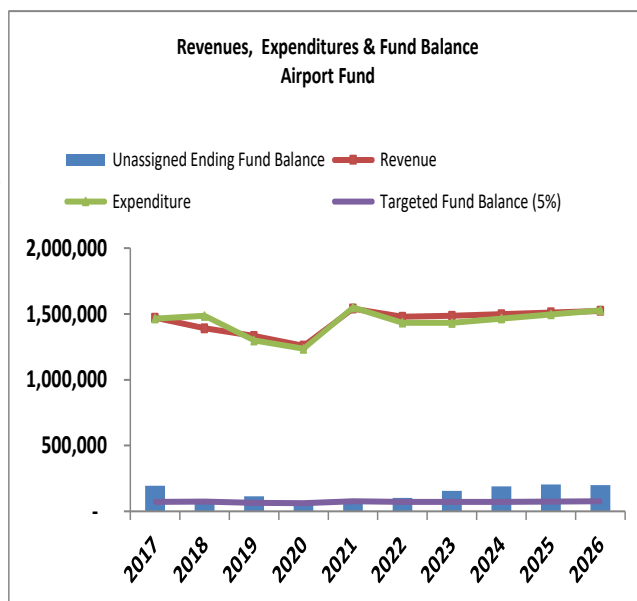
Airport Fund

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 facility is a reliever airport for Wichita Eisenhower National, thus allowing for infusion of federal funds over the years for a 7,000-foot, lighted runway, crosswind runway, and various automated services for handling flights. Industrial rental buildings, fuel sales, and tax revenues form the basis of financial support for the facility. Starting in 2020, annually \$180,000 in combined City and County taxes will

be put towards the Airport operations.

Major fiscal challenges:

- The impact of the assessed valuation on property tax revenues.
- Fuel sales revenue, a major source of revenue, remains volatile with the ever-changing market and fuel prices.
- Ensuring the facilities at the airport remain rented is a challenge. The City finances the development of the facilities and passes on the debt services in terms of rent payments. When the facilities are vacant, the City incurs the debt payment costs.
- Ongoing maintenance costs for each hangar.



ENTERPRISE FUNDS ANALYSIS

The City owns and operates the Water, Wastewater, Sanitation utilities; the Golf Course and the Meridian Conference Center. These are the essential elements of the City’s enterprise funds. The enterprise funds give the City the flexibility to account separately for all financial activities associated with a broad range of these operations. A separate accounting and financial reporting system is established for each enterprise fund. Revenues and expenses of each service is segregated into these type of funds with financial statements separated from all other governmental activities.

Why Adopt an Enterprise Fund

A community may account for certain services in the General Fund, special revenue or enterprise fund. Advantages of an enterprise fund include that it:

- Identifies a total service cost: Consolidating direct operating, direct capital, and indirect costs helps a community to readily identify a total service cost and determine funding sources. The total service cost may also include a subsidy from the General or other fund or a reimbursement from the enterprise fund to other funds for subsidized costs.
- Provides useful management information: Consolidating revenues, expenses and operating performance of the fund provides a community with useful decision-making information regarding user charges and fees and a subsidy if necessary. The community can also include the enterprise fixed assets and infrastructure as assets and recognize the annual depreciation of these assets in audited financial statements.

WATER FUND

Newton is the sole supplier of potable water to City residents and businesses. Newton’s water is pumped from the Equus Beds aquifer. In addition, Newton is a partner in Public Wholesale Water Supply District No. 17 along with three other municipalities. This includes six wells which are pumped to



the Water Plant and treated, the water is then distributed to these neighboring communities under separate contract with each municipality.

The entire water production system is generally in sound condition. Through regular maintenance, we are ensuring proper distribution and treatment of the city's water supply.

FINANCIAL PLAN 2021-2026										
Water Fund										
	2017	2018	2019	2020	Budget 2021	2022	Projected		2025	2026
							2023	2024		
Beginning Unreserved Cash Balance	2,559,854	2,930,766	2,429,468	2,214,526	2,060,897	968,734	(305,460)	(1,357,095)	(2,463,683)	(3,767,576)
Waterworks Revenue	4,711,743	4,614,421	4,497,496	4,631,701	4,677,500	4,677,500	4,689,194	4,700,917	4,712,669	4,724,451
Other Revenue	28,101	28,275	26,528	27,157	31,800	31,800	31,880	31,959	32,039	32,119
Total	4,739,844	4,642,696	4,524,024	4,658,858	4,709,300	4,709,300	4,721,073	4,732,876	4,744,708	4,756,570
Waterworks Admin/Billing										
Personal Services	728,865	481,437	375,442	1,054,656	1,223,552	1,379,812	1,421,206	1,463,843	1,507,758	1,552,991
Contractual Services	562,815	322,116	330,547	378,342	439,608	410,553	400,000	405,000	410,000	420,000
Commodities & Supplies	7,347	23,304	6,935	10,362	17,050	17,050	12,050	12,050	12,050	12,050
Vehicle Operating	11,629	9,331	18,356	7,221	21,000	22,360	21,000	21,000	21,000	21,000
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Transfer Out	1,407,366	2,579,890	2,191,407	1,684,366	1,882,921	1,716,509	1,813,588	1,812,042	1,950,978	1,950,978
Total	2,718,022	3,416,078	2,922,687	3,134,947	3,584,131	3,546,284	3,667,844	3,713,935	3,901,786	3,957,019
Waterworks Distribution/Transmission										
Personal Services	457,967	429,939	380,002	429,318	483,155	396,290	408,179	420,424	433,037	446,028
Contractual Services	328,659	425,972	394,475	327,166	531,090	614,590	500,000	500,000	500,000	500,000
Commodities & Supplies	5,703	10,756	8,766	5,892	14,500	14,500	14,500	14,500	14,500	14,500
Vehicle Operating	29,775	46,516	29,282	25,619	39,000	39,600	39,000	39,000	39,000	39,000
Capital Outlay	-	-	-	-	20,000	20,000	-	-	-	-
Transfer Out	175,256	155,800	157,815	160,015	179,753	177,863	179,753	179,753	179,753	179,753
Total	997,360	1,068,983	970,340	948,010	1,267,498	1,262,843	1,141,432	1,153,677	1,166,290	1,179,281
Waterworks Production										
Personal Services	169,231	173,747	179,979	185,750	202,181	272,504	280,679	289,099	297,772	306,706
Contractual Services	324,086	347,140	411,195	427,491	461,400	620,400	461,500	461,500	461,500	461,500
Commodities & Supplies	59,887	64,864	62,722	68,915	77,500	79,500	77,500	77,500	77,500	77,500
Vehicle Operating	8,189	11,892	12,918	7,413	15,000	15,210	15,000	15,000	15,000	15,000
Capital Outlay	-	-	-	-	65,000	65,000	-	-	-	-
Transfer Out	54,535	81,266	81,463	81,463	128,753	121,753	128,753	128,753	128,753	128,753
Total	615,928	678,909	748,277	771,032	949,834	1,174,367	963,432	971,852	980,525	989,459
Total Expenditure	4,331,310	5,163,970	4,641,304	4,853,989	5,801,463	5,983,494	5,772,708	5,839,464	6,048,601	6,125,758
Ending Unreserved Cash Balance	2,930,766	2,429,468	2,214,526	2,060,897	968,734	(305,460)	(1,357,095)	(2,463,683)	(3,767,576)	(5,136,764)

The Water Fund is a self-supporting enterprise fund established to provide residents and businesses with uninterrupted water supply and services. In addition to the maintenance of existing lines, the Fund provides for major capital projects such as line extension and lift station construction. Debt service for the water utility, as well as operational expenses are expected to be financed with water revenue.

Major fiscal challenges:

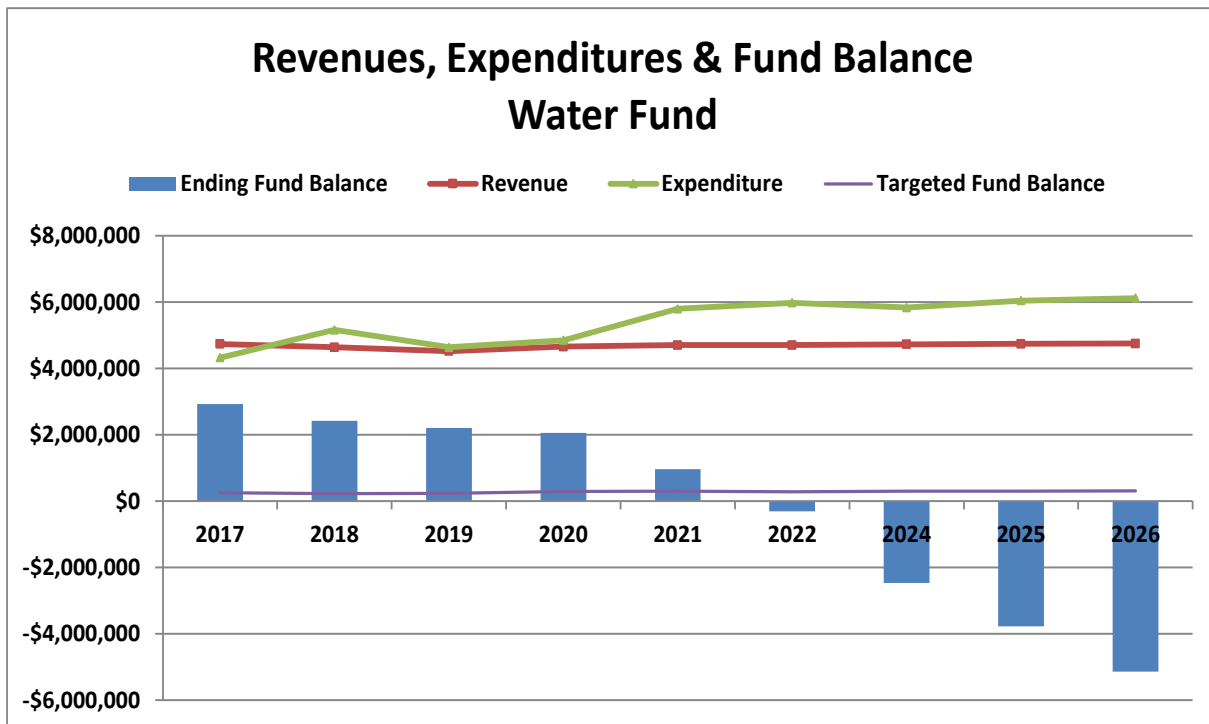
- Maintaining required debt coverage while keeping services affordable to citizens
- Keeping up with the rising costs of operational commodities and supplies
- Compliance with increased unfunded State mandates on water quality and water treatment
- Maintaining and upgrading dilapidated infrastructure

Water Fund Revenue Analysis

The primary source of revenue for the water fund is user fees. The Fund is self-supporting and therefore is required to generate sufficient revenue to meet its operating expenses.

Water Fund Expenditure Analysis

Operationally, the Water Utility is divided into three sections. Water Administration & Billing, Water Distribution & Transmission and Water Production. Personnel and Transfers account for 64% of total expenditures. Because City staff from other departments support and provide oversight to the utility, the personnel expenditures also account for indirect support provided to the utility by other non-utility staff. Transfer Out expenditures include transfers to the Water Bond & Interest Fund for debt service, transfer for equipment replacement and transfers to the General Fund.



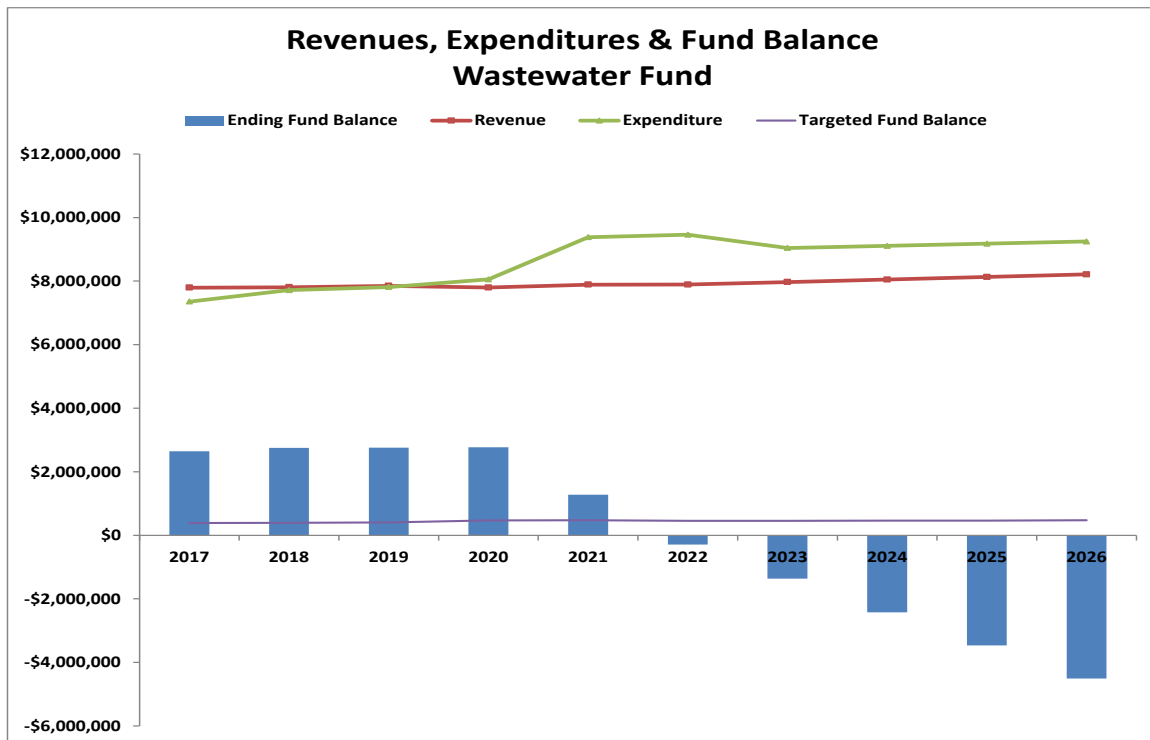
WASTEWATER FUND

Newton owns and operates a regional wastewater treatment plant licensed by the Kansas Department of Health and Environment. In the fall of 2016, Newton completed one of the largest capital projects in recent memory; upgrades to equipment and technology at the wastewater treatment plant. Final project costs came in at \$20.2 million, a \$4 million savings from the projected costs. The wastewater plant was in need of major improvements for three reasons: 1) growth in the community, 2) aging and deteriorating infrastructure, and 3) additional state and federal environmental regulations.

The Wastewater Fund is a self-supporting enterprise fund established to provide residents and businesses with wastewater treatment and sewer services. In addition to the maintenance of existing lines, the fund provides for major capital projects such as line extension and lift station construction. Debt service for the wastewater utility, as well as operational expenses, is expected to be financed with wastewater revenue.

Major fiscal challenges:

- Maintaining required debt coverage while keeping services affordable to citizens
- Keeping up with the rising costs of operational commodities and supplies
- Compliances with increased unfunded State mandates on quality wastewater treatment
- Maintaining and upgrading dilapidated infrastructure



Wastewater Fund Revenue Analysis

Similar to the Water Fund, the primary source of revenue for the Wastewater Fund is user fees. The Fund is self-supporting and therefore is required to generate sufficient revenue to meet its operating expenses. In 2014, the City Commission adopted a new fee to pay the principal and interest payments for the wastewater plant upgrade. This fee is 38% of the sewer charge billed to each customer.

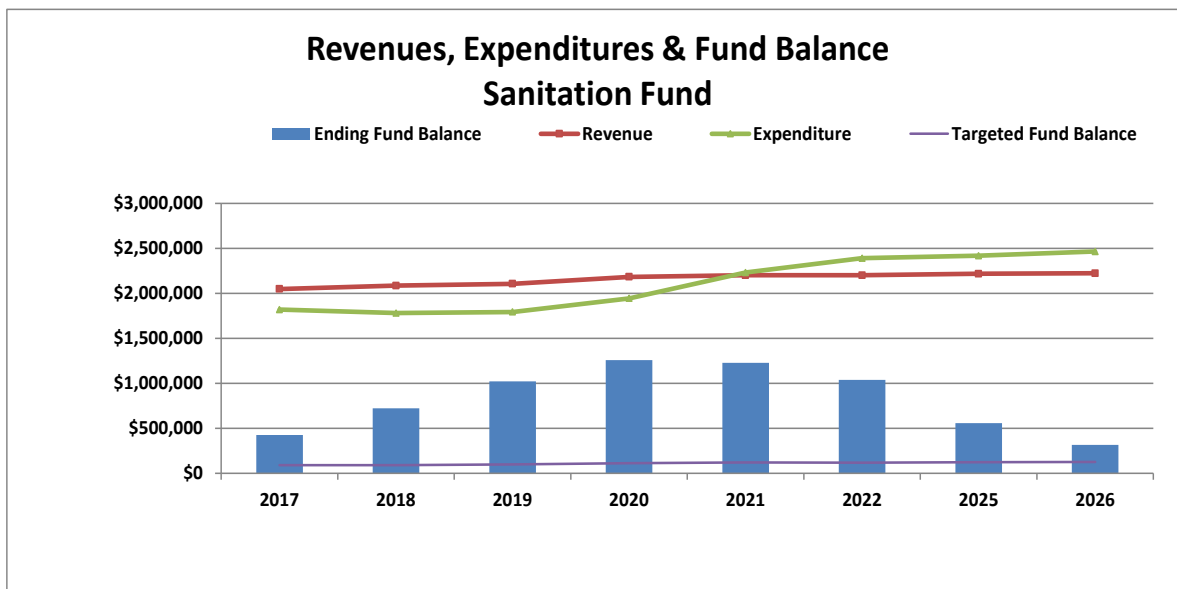
Wastewater Fund Expenditure Analysis

Operationally, the Wastewater Utility is divided into two sections. Wastewater Administration & Billing and Wastewater Plant Operations. Personnel and Transfers account for 88% of total expenditures. Because City staff from other departments support and provide oversight to the utility, the personnel expenditures also account for indirect support provided to the utility by other non-utility staff. Transfer Out expenditures include transfers to the Wastewater Bond & Interest Fund for debt service, transfer for equipment replacement and transfers to the General Fund.

FINANCIAL PLAN 2021-2026										
Wastewater Fund										
	Budget					Projected				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Beginning Unreserved Cash Balance	2,148,443	2,642,415	2,749,643	2,755,904	2,771,604	1,279,657	(289,196)	(1,408,997)	(2,516,444)	(3,612,669)
Wastewater Revenue	5,797,591	5,952,466	5,995,321	5,953,347	6,022,000	6,028,000	6,088,280	6,149,163	6,210,654	6,272,761
Treatment Plant Fee	1,995,610	1,854,447	1,857,080	1,845,021	1,868,000	1,863,000	1,881,630	1,900,446	1,919,451	1,938,645
Total	7,793,201	7,806,913	7,852,401	7,798,368	7,890,000	7,891,000	7,969,910	8,049,609	8,130,105	8,211,406
Wastewater Admin/Billing										
Personal Services	1,105,767	637,739	600,917	1,255,558	1,524,756	1,569,762	1,616,855	1,665,361	1,715,321	1,766,781
Contractual Services	652,701	273,793	299,449	336,757	356,913	319,665	323,501	327,383	331,312	335,287
Commodities & Supplies	22,490	39,825	24,688	21,548	55,000	55,000	30,000	30,573	31,157	31,752
Vehicle Operating	10,244	18,379	15,042	26,294	22,000	22,180	22,000	22,000	22,000	22,000
Capital Outlay	-	-	-	62,915	160,000	160,000	-	-	-	-
Treatment Plant Expenses	-	-	-	-	-	-	-	-	-	-
Transfer Out	4,273,021	5,286,413	5,319,312	4,790,312	5,265,215	4,732,335	4,732,335	4,732,335	4,732,335	4,732,335
Total	6,064,223	6,256,149	6,259,408	6,493,384	7,383,884	6,858,942	6,724,691	6,777,651	6,832,125	6,888,155
Wastewater Plant Operations										
Personal Services	285,244	255,009	294,255	269,583	349,581	425,312	438,071	451,214	464,750	478,692
Contractual Services	329,965	299,005	342,731	312,574	511,131	525,460	300,000	300,000	300,000	300,000
Commodities & Supplies	32,022	30,436	45,240	42,469	61,700	61,700	45,000	45,860	46,735	47,628
Vehicle Operating	21,750	26,642	19,893	9,832	26,000	26,240	20,000	20,382	20,771	21,168
Capital Outlay	-	-	-	-	3,000	3,000	-	-	-	-
Transfer Out	622,430	847,540	850,282	926,754	1,046,651	489,289	492,039	492,039	492,039	492,039
Total	1,291,411	1,458,632	1,552,401	1,561,212	1,998,063	1,531,001	1,295,110	1,309,494	1,324,296	1,339,527
Wastewater Plant Operations										
Personal Services	-	-	-	-	-	-	-	-	-	-
Contractual Services	-	-	-	-	-	-	-	-	-	-
Commodities & Supplies	-	-	-	-	-	200	200	200	200	200
Vehicle Operating	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Transfer Out	-	-	-	-	-	1,069,710	1,069,710	1,069,710	1,069,710	1,069,710
Total	-	-	-	-	-	1,069,910	1,069,910	1,069,910	1,069,910	1,069,910
Total Expenditure	7,355,634	7,714,781	7,811,809	8,054,596	9,381,947	9,459,853	9,089,711	9,157,055	9,226,330	9,297,593
Ending Unreserved Cash Balance	2,642,415	2,749,643	2,755,904	2,771,604	1,279,657	(289,196)	(1,408,997)	(2,516,444)	(3,612,669)	(4,698,855)



SANITATION FUND



The Newton Sanitation Division 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 delivered to a landfill out of the county. Recyclables are delivered to the Harvey County Recycling Center for processing.

FINANCIAL PLAN 2021-2026										
Sanitation Fund										
	Budget					Projected				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Beginning Unreserved Cash Balance	263,473	424,275	723,496	1,022,583	1,258,357	1,228,001	1,038,557	917,651	757,613	557,018
Solid Waste	2,049,533	2,086,314	2,106,863	2,184,475	2,201,701	2,201,701	2,207,205	2,212,723	2,218,255	2,223,801
Total	2,049,533	2,086,314	2,106,863	2,184,475	2,201,701	2,201,701	2,207,205	2,212,723	2,218,255	2,223,801
Solid Waste Operations										
Personal Services	766,044	586,429	591,550	936,986	1,030,779	1,082,573	1,120,463	1,159,679	1,200,268	1,242,277
Contractual Services	399,384	293,194	314,341	362,199	423,004	503,389	428,080	433,217	438,416	443,677
Commodities & Supplies	31,225	27,362	14,354	21,878	23,496	24,496	24,790	25,087	25,388	25,693
Vehicle Operating	192,839	203,090	226,440	200,786	242,389	248,298	242,389	242,389	242,389	242,389
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Transfer Out	431,038	671,521	646,538	422,597	512,389	532,389	512,389	512,389	512,389	512,389
Total	1,820,530	1,781,596	1,793,223	1,944,446	2,232,057	2,391,145	2,328,111	2,372,762	2,418,850	2,466,425
Ending Unreserved Cash Balance	424,275	723,496	1,022,583	1,258,357	1,228,001	1,038,557	917,651	757,613	557,018	314,393

Sanitation Fund Revenue Analysis

The primary source of revenue for the Sanitation Fund is refuse collection fees. The Fund is self-supporting and therefore it is required to generate sufficient revenue to meet its operating expenses.

Sanitation Fund Expenditure Analysis

Personnel Services and Transfers Out account for 68% of operational expenditures. Contractual Services is the second-largest expenditure category, which accounts for 21% of operational expenditures. The largest component of the contractual expenditures are landfill disposal fees. The department has implemented a single-stream recycling program, and included in this financial plan is a three-year allocation plan in Capital Outlays for replacement and purchase of new recycle bins for all residential customers.

GOLF FUND

The Sand Creek Station Golf Course has established a reputation as the premier golfing destination in the Greater Wichita Area, including both private and public facilities. The ability to give a great product at a very competitive rate gives the course leverage in retaining customers and building new relationships. No other golf course, including world-renowned Prairie Dunes, has hosted more competitive events over the past few years in conjunction with the Kansas Golf Association, than Sand Creek Station.

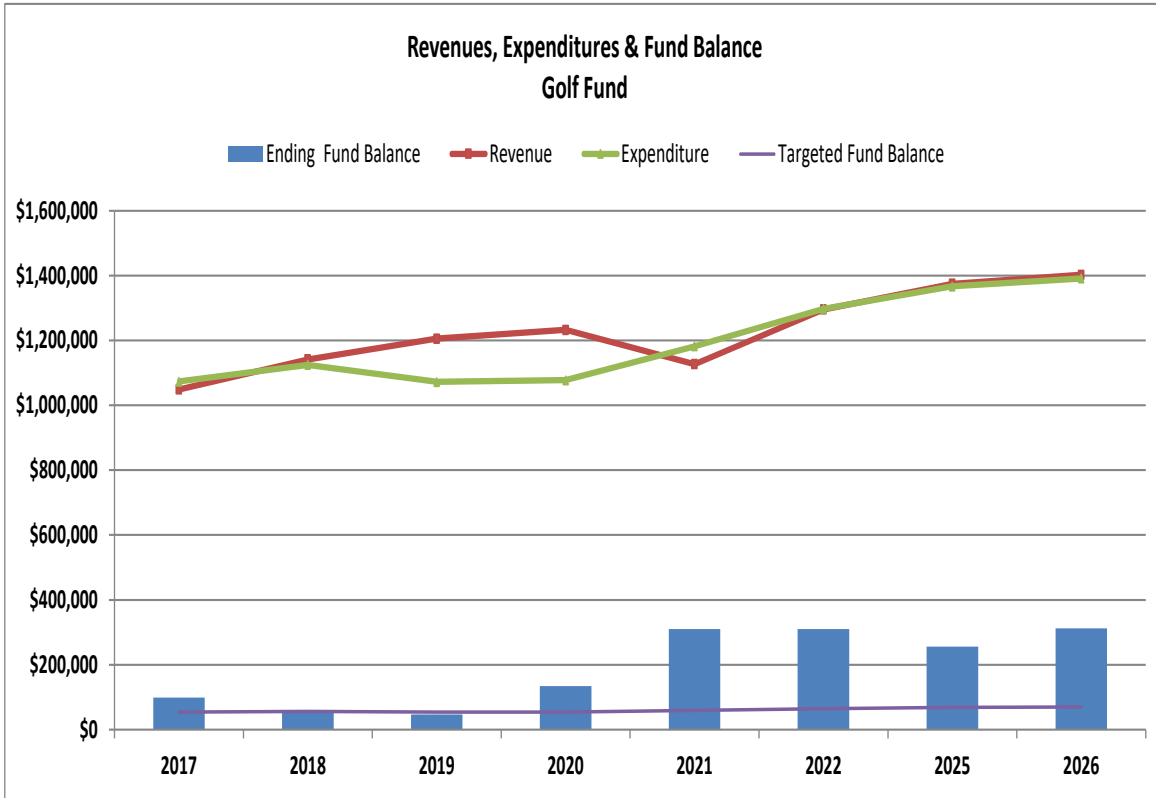
Golf Fund Revenue Analysis

National trends in the golf industry are generally trending up due to the pandemic and it's focus on social distancing, which includes outdoor pursuits. Sand Creek continues to be honored in National Golf Foundation (NGF) Loyalty Awards. The awards are given to facilities with the highest customer satisfaction index. The awards are divided into two categories based on the price of the club's green fees. Sand Creek took top honors in the "less than \$70" category for the tenth consecutive year.

FINANCIAL PLAN 2021-2026										
Sand Creek Station Golf Course										
	Budget					Projected				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Beginning Unreserved Cash Balance	98,789	54,948	46,283	134,356	309,765	309,765	254,918	307,686	255,951	311,933
Golf Course Revenue	1,048,688	1,141,253	1,205,592	1,232,734	1,126,950	1,295,304	1,321,210	1,347,634	1,374,587	1,402,079
Total	1,048,688	1,141,253	1,205,592	1,232,734	1,126,950	1,295,304	1,321,210	1,347,634	1,374,587	1,402,079
Golf Operations										
Personal Services	529,637	545,927	567,287	574,519	634,469	678,152	691,715	705,549	719,660	734,054
Contractual Services	302,633	316,401	256,187	265,587	226,735	253,521	258,363	263,298	268,327	273,452
Commodities & Supplies	228,917	262,570	248,599	231,380	320,593	365,710	370,099	374,540	379,034	383,583
Vehicle Operating	-	-	-	-	-	-	-	-	-	-
Capital Outlay	11,986	-	1	5,917	-	-	-	-	-	-
Transfer Out	-	-	-	-	-	-	-	-	-	-
Total	1,073,173	1,124,898	1,072,074	1,077,403	1,181,797	1,297,383	1,320,177	1,343,387	1,367,021	1,391,088
Ending Unreserved Cash Balance	54,948	46,283	134,356	309,765	254,918	307,686	255,951	311,933	263,517	322,924

Golf Fund Expenditure Analysis

Personnel Services account for 52% of operational expenditures. Commodities & Supplies account for 28% of operational expenditures. In 2021, \$600,000 was transferred from the General Fund to the Golf Fund for payment of the Bond and Interest. Although, property taxes are intended to pay these costs, the construction has lagged.



Golf Fund Debt Service

Debt service on the golf course and the revenue from the assessed valuation of the improvements are accounted for in the Bond & Interest Fund. Details of the debt service are discussed in the Bond & Interest section of the budget. The revenue source for the debt service is derived from the property taxes generated in the Sand Creek Station subdivision and one special assessment for infrastructure improvements.

MERIDIAN CENTER FUND

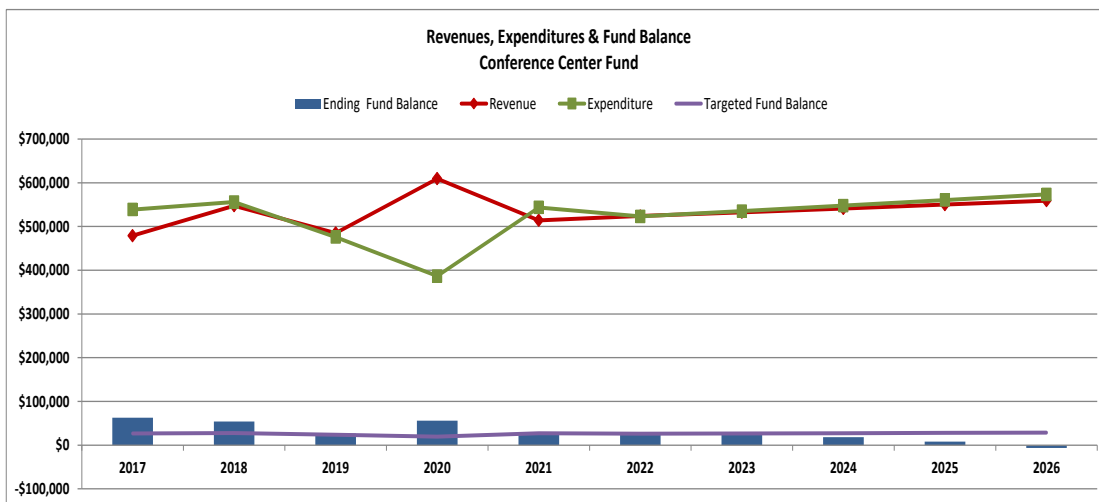
The vision of the Meridian Center is to be the premier conference and event center in the greater Newton, Kansas market and to support the overall economic development of the Newton area. The center supports both local and outside visitors with a professional experience unmatched in the Newton or Wichita markets. The vision of the center is to appeal to a variety of audiences through its ideal location, size, amenities and service offerings. The staff at the center will provide a friendly, professional and comfortable atmosphere that will enable patrons to complete successful conferences and events time and time again.

Meridian Center Fund Revenue Analysis

The center anticipates an increase in local real estate development with positive industrial growth in Newton. Also anticipated is growth within the Kansas Logistics Park which will increase the number of middle to upper class families in Newton. This growth will result in an influx of corporate clients to the Meridian Center. Other target groups to support the center include commercial trade associations, corporate and government entities, social, military, educational, religious and fraternal associations, sports organizations and motor coach groups, all of which exist in the greater local area and are anticipated to grow in the upcoming years.

Meridian Center Fund Expenditure Analysis

Personnel Services account for 65% of operational expenditures with the balance of expenditures being Contractual Services and Commodities.



Meridian Fund Debt Service

The total cost of the conference center was \$3.6 million. Its construction is being paid for by the new property tax revenues generated from the Holiday Inn Express Hotel and the other commercial lots, as well as the hotel’s total transient guest tax revenues and citywide revenues from a 1 percent increase in the guest tax that went into effect in 2008. The Conference Center is situated in a special Tax Increment Finance (TIF) district that includes a Holiday Inn Express hotel and a restaurant building.

FINANCIAL PLAN 2021-2026										
Meridian Conference Center										
	Budget					Projected				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Beginning Unreserved Cash Balance	149,909	62,775	53,854	26,746	55,977	26,495	27,519	24,870	18,433	8,088
Meridian Center Revenue	374,623	447,416	385,050	459,525	414,039	424,129	432,612	441,264	450,089	459,091
Other Revenue	4,337	-	-	-	-	-	-	-	-	-
Transfer In	100,000	100,000	100,000	150,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	478,960	547,416	485,050	609,525	514,039	524,129	532,612	541,264	550,089	559,091
Meridian Center										
Personal Services	287,395	267,197	253,558	221,437	289,533	338,634	347,100	355,777	364,672	373,789
Contractual Services	181,372	204,526	151,237	134,795	187,767	110,865	113,082	115,344	117,651	120,004
Commodities & Supplies	70,028	84,240	71,035	30,494	66,221	73,606	75,078	76,580	78,111	79,674
Vehicle Operating	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Transfer Out	-	-	-	-	-	-	-	-	-	-
Total	538,795	555,963	475,830	386,726	543,521	523,105	535,260	547,701	560,434	573,466
Ending Unreserved Cash Balance	62,775	53,854	26,746	55,977	26,495	27,519	24,870	18,433	8,088	(6,287)