

## 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**

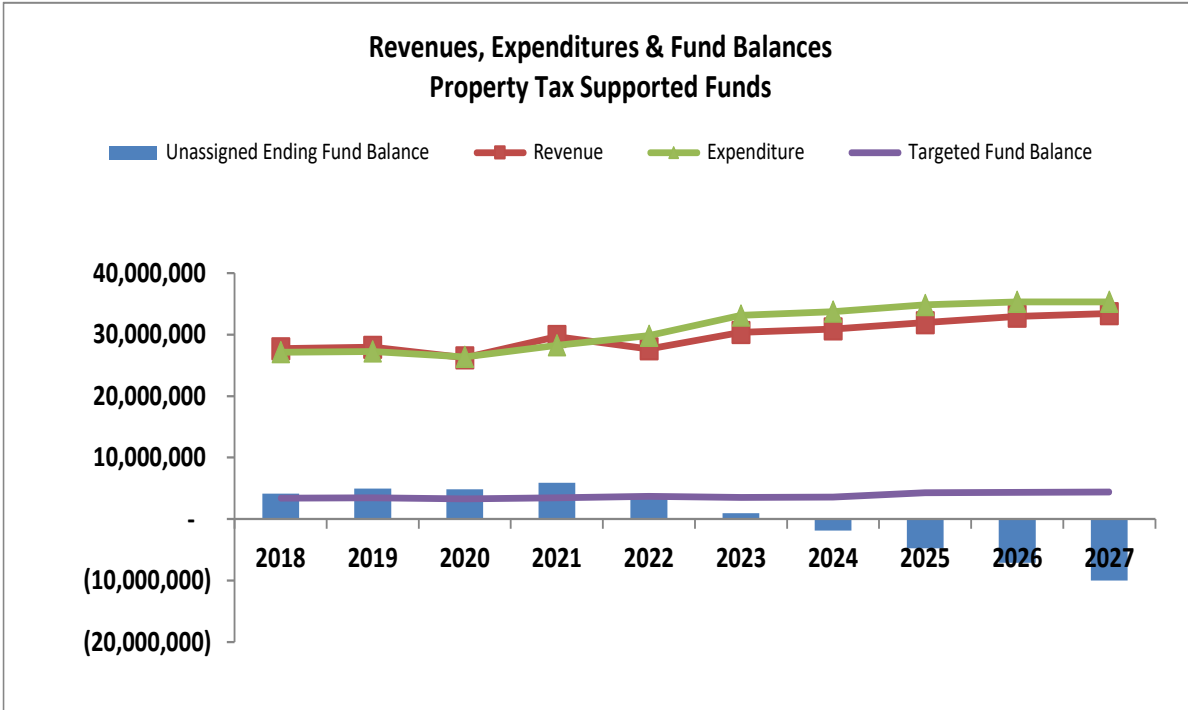
A number of funds in the financial plan are projected to decrease their fund balances below the minimum requirements. The revenues and expenditure assumptions do not take into account actions that the City Commission will take to ensure that this does not occur during any operating budget year.

**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 2022 - 2027									
	City Wide Property Tax Supported Funds					PROPOSED 2023	PROJECTED 2024	PROJECTED 2025	PROJECTED 2026	PROJECTED 2027
	ACTUAL 2018	ACTUAL 2019	ACTUAL 2020	ACTUAL 2021	BUDGET 2022					
<b>Beginning Balance</b>	<b>3,688,588</b>	<b>4,148,264</b>	<b>4,938,284</b>	<b>4,845,440</b>	<b>5,878,459</b>	<b>3,727,196</b>	<b>955,554</b>	<b>(1,875,083)</b>	<b>(4,766,712)</b>	<b>(7,137,530)</b>
<b>OPERATING REVENUE</b>										
Taxes										
Property Tax	7,391,204	7,457,141	7,731,733	8,001,712	7,993,912	9,620,354	9,770,736	10,662,553	11,042,050	11,449,766
Motor Vehicle Tax	908,829	947,123	996,135	1,043,589	1,014,987	1,041,597	1,056,329	1,078,757	1,101,367	1,124,552
Local Sales Tax	1,974,671	2,095,957	2,152,267	2,412,261	2,150,000	2,300,000	2,357,500	2,416,438	2,476,848	2,538,770
Local Sales Tax - Special	3,059,715	3,233,654	3,337,869	3,729,104	3,275,000	3,500,000	3,587,500	3,677,188	3,769,117	3,863,345
Franchise Tax	1,643,458	1,533,004	1,468,435	1,519,599	1,600,000	1,600,000	1,616,000	1,632,160	1,648,482	1,664,966
Other Taxes	53,902	86,341	81,418	84,239	84,689	84,442	85,361	85,074	85,021	84,946
<b>Total Taxes</b>	<b>15,031,779</b>	<b>15,353,220</b>	<b>15,767,857</b>	<b>16,790,504</b>	<b>16,118,588</b>	<b>18,146,393</b>	<b>18,473,427</b>	<b>19,552,169</b>	<b>20,122,886</b>	<b>20,726,345</b>
Intergovernmental Revenue	218,290	222,975	574,094	307,737	53,000	53,000	53,000	53,000	53,000	53,000
License & Permits	211,192	179,581	246,223	268,673	218,450	255,300	245,315	247,633	251,082	251,001
Charges for Services	1,812,218	1,972,523	1,710,623	1,820,274	1,875,240	1,849,740	1,865,987	1,882,747	1,899,675	1,916,771
Fines, Penalties & Forfeitures	454,224	454,634	345,461	395,900	475,000	425,000	450,000	450,000	450,000	450,000
Use of Money	386,454	591,266	200,885	4,039	250,000	10,000	10,250	10,506	10,769	11,038
Other Revenue	509,684	497,588	540,048	521,896	522,500	540,000	549,000	554,000	559,049	564,149
Sales & Rental	1,291,609	1,240,444	1,090,265	1,399,012	1,371,963	1,680,913	1,696,738	1,719,421	1,742,399	1,765,706
Charges & Other Revenues	14,221	11,073	6,390	6,931	9,000	12,000	9,709	9,653	9,659	9,659
Special Receipts	1,292,360	1,112,889	952,811	1,227,766	1,057,515	1,126,394	1,243,698	1,244,835	1,282,308	993,435
Transfer In	6,467,413	6,294,160	4,801,806	6,939,096	5,709,557	6,264,374	6,308,347	6,215,761	6,581,569	6,659,907
<b>Total Operating Revenue</b>	<b>27,689,444</b>	<b>27,930,353</b>	<b>26,236,463</b>	<b>29,681,828</b>	<b>27,660,813</b>	<b>30,363,114</b>	<b>30,905,471</b>	<b>31,939,725</b>	<b>32,962,396</b>	<b>33,401,011</b>
<b>OPERATING EXPENDITURES</b>										
Personal Services	13,579,852	13,969,083	12,927,888	13,408,115	14,732,523	15,793,793	16,665,994	17,074,047	17,495,638	17,931,311
<u>Contractual Services</u>										
Bond & Interest Payments	4,697,338	4,467,428	4,749,774	5,683,050	5,502,373	6,741,984	7,327,339	8,014,512	8,021,094	8,416,312
Other Contractual Services	2,842,915	2,838,079	2,793,301	2,987,207	3,418,201	3,717,050	3,626,267	3,662,067	3,703,463	3,747,468
<b>Total Contractual Services</b>	<b>7,540,253</b>	<b>7,305,507</b>	<b>7,543,075</b>	<b>8,670,257</b>	<b>8,920,574</b>	<b>10,459,034</b>	<b>10,943,606</b>	<b>11,656,578</b>	<b>11,694,557</b>	<b>12,123,780</b>
Commodities & Supplies	1,330,758	1,164,961	978,593	1,302,955	1,233,430	1,733,553	1,641,162	1,656,856	1,673,351	1,689,652
Vehicle Operating	492,606	488,431	421,783	524,163	520,933	599,950	540,893	541,294	541,703	542,119
Capital Outlays	154,458	53,289	92,758	73,618	298,600	328,000	66,000	66,000	66,000	66,000
Transfer Out	4,032,859	4,291,708	4,419,207	4,285,408	4,106,016	4,220,426	3,868,453	3,826,577	3,861,966	3,898,005
<b>Total Operating Expenditures</b>	<b>27,130,786</b>	<b>27,272,979</b>	<b>26,383,304</b>	<b>28,264,516</b>	<b>29,812,076</b>	<b>33,134,756</b>	<b>33,726,109</b>	<b>34,821,354</b>	<b>35,333,215</b>	<b>36,250,868</b>
<b>Ending Balance</b>	<b>4,168,343</b>	<b>4,938,284</b>	<b>4,845,440</b>	<b>5,878,459</b>	<b>3,727,196</b>	<b>955,554</b>	<b>(1,875,083)</b>	<b>(4,766,712)</b>	<b>(7,137,530)</b>	<b>(9,987,387)</b>
<b>City Assessed Valuation</b>	<b>120,329,442</b>	<b>122,956,830</b>	<b>125,194,134</b>	<b>128,185,872</b>	<b>129,732,955</b>	<b>138,717,995</b>	<b>140,984,061</b>	<b>143,822,896</b>	<b>147,057,922</b>	<b>150,584,990</b>
<b>Mill Levy</b>	<b>60.326</b>	<b>62.509</b>	<b>62.470</b>	<b>62.535</b>	<b>62.506</b>	<b>70.506</b>	<b>70.506</b>	<b>70.506</b>	<b>70.506</b>	<b>70.506</b>



**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

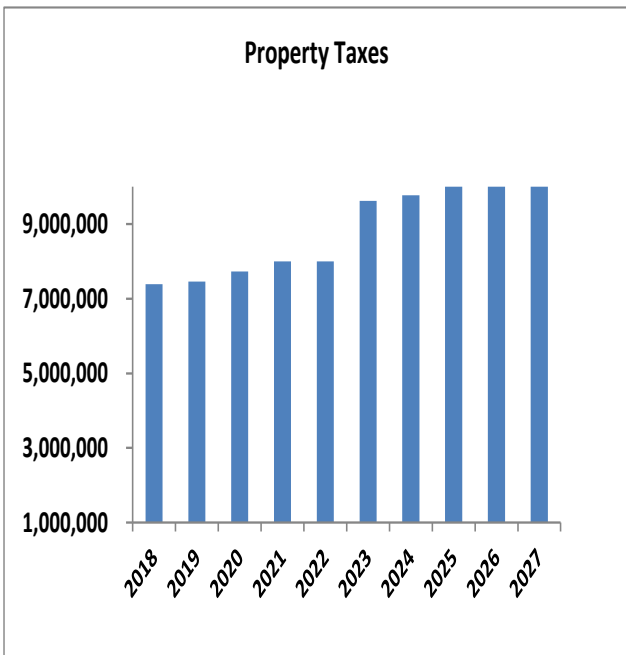
**Property Tax**

Property tax is the largest revenue source for property tax-supported funds. The General Fund receives 76% 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. 14% of property tax revenue is allocated for debt service and 7.9% is designated for funding the library operation budget.

The 2023 mill levy will be 70.506. The mill levy increased eight mills in 2022 for the 2023 budget year. The mill levy had remained constant for the last four years. Property tax projections take into account:

- Property tax increase in future periods as % of CPI;
- Increase in assessed valuation as result of assessment values and increase in construction activity.

Property Tax Supported Funds Revenues		
	2023 Budget	% of Total
Property Tax	9,620,354	31.7%
Transfer In	6,264,374	20.6%
Additional Local Sales Tax	3,500,000	11.5%
Original Local Sales Tax	2,300,000	7.6%
Charges for Services	1,849,740	6.1%
Sales & Rental Revenue	1,680,913	5.5%
Franchise Tax Revenue	1,600,000	5.3%
Special Receipts	1,126,394	3.7%
Motor Vehicle Tax	1,041,597	3.4%
Other Tax Revenue	84,442	0.3%
Fines, Penalties & Forfeit.	425,000	1.4%
Other Revenue	540,000	1.8%
License & Permits	255,300	0.8%
Intergovernmental Rev.	53,000	0.2%
Uses of Money	10,000	0.0%
Charges & Other Rev.	12,000	0.0%
	30,363,114	100%



**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 (sanitation, 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 42.85%. 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%.

**Additional 1% Local Sales & Use Tax**

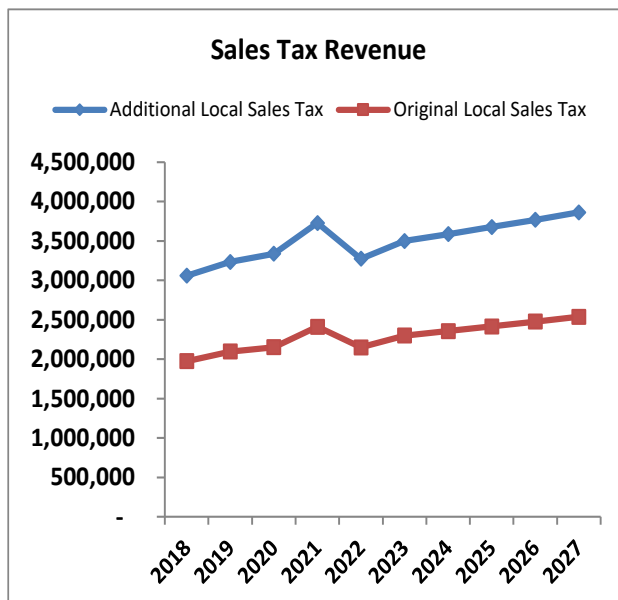
In 2006 the voters of Harvey County approved an additional 1% sales & use tax. The purpose of the sales tax was to provide property tax relief to citizens. Based on a predetermined distribution formula partly associated with the population and points of sale, the City of Newton received 66.47% of sales tax collected in Harvey County in 2022.

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

City	Distribution of Original 1% Sales Tax
Burrton	1.8787%
Halstead	5.1221%
Hesston	7.9080%
Newton	<b>42.8485%</b>
North Newton	3.6213%
Sedgwick	3.4396%
Walton	0.4728%
Harvey Unincorporated	34.7090%
	<u>100.00%</u>

City	Distribution of Additional 1% Sales Tax
Burrton	1.4684%
Halstead	4.0035%
Hesston	6.1811%
Newton	<b>66.4747%</b>
North Newton	2.8305%
Sedgwick	2.6885%
Walton	0.3695%
Harvey Unincorporated	15.9838%
	<u>100.00%</u>



**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**

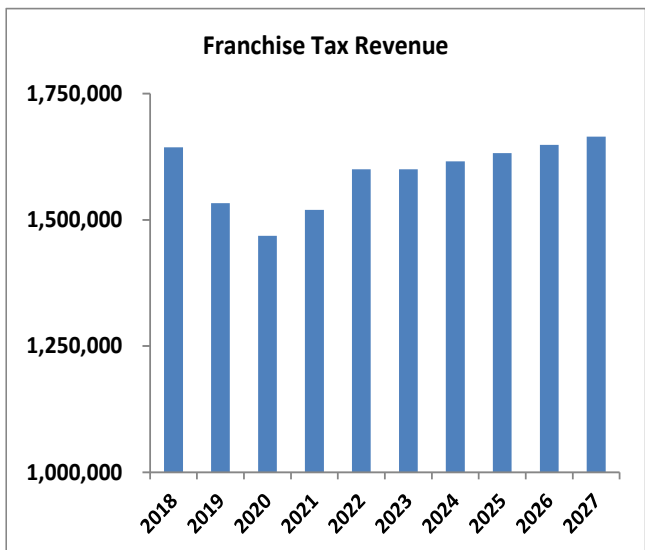
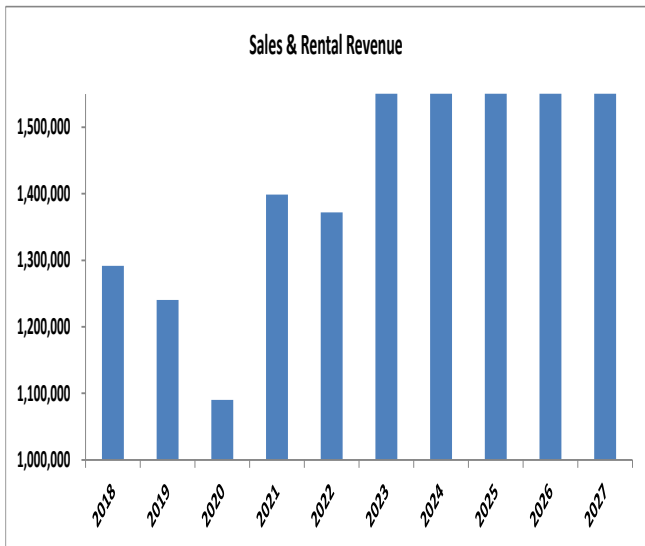
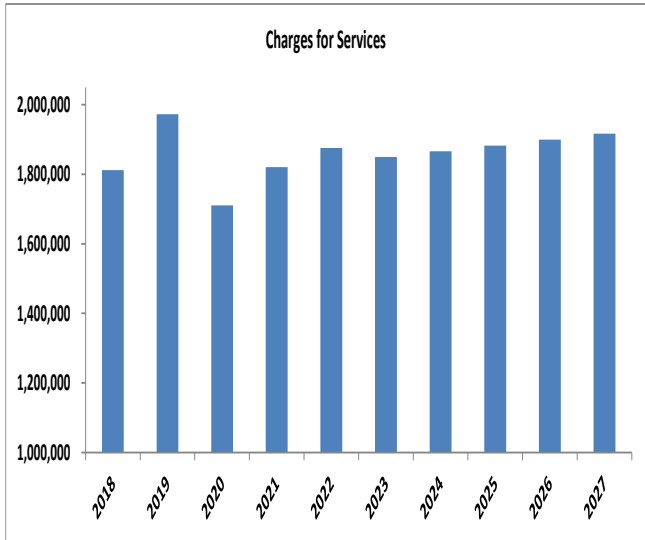
Cities charge a franchise fee whenever public easements and rights-of-way are used for private business. Franchise fees are calculated as a percentage of each company’s total utility revenues. The City has franchise requirements for cable television, telecommunications, electric power utility services 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.

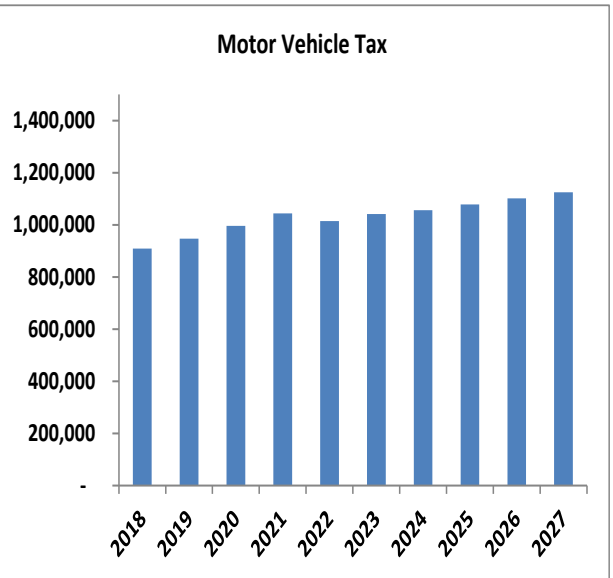
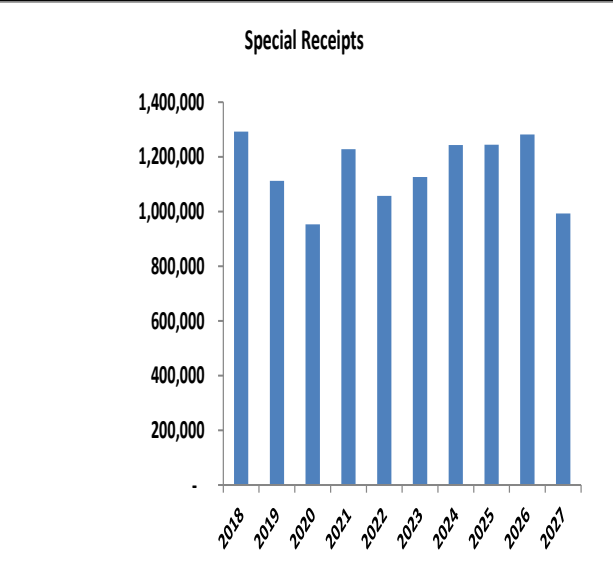
**Motor Vehicle Tax**

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 48% of property tax-supported expenditure. Contractual services is the second-largest expenditure category, accounting for 32% of property tax-supported expenditure. The General



Budgeted Expenditures Property Tax Supported Funds		
	2023 Budget	% of Total
Personal Services	15,793,793	48%
Contractual Services	10,459,034	32%
Commodities & Supplies	1,733,553	5%
Vehicle Operating	599,950	2%
Capital Outlay	328,000	1%
Transfer Out	4,220,426	13%
	<b>33,134,756</b>	<b>100%</b>

Fund accounts for 71% of property tax-supported expenditures while the Debt Service Fund accounts for 20% of property tax supported expenditures.

**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.

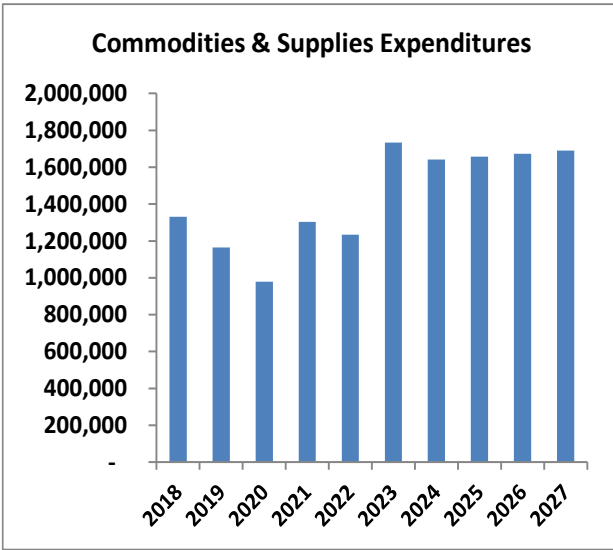
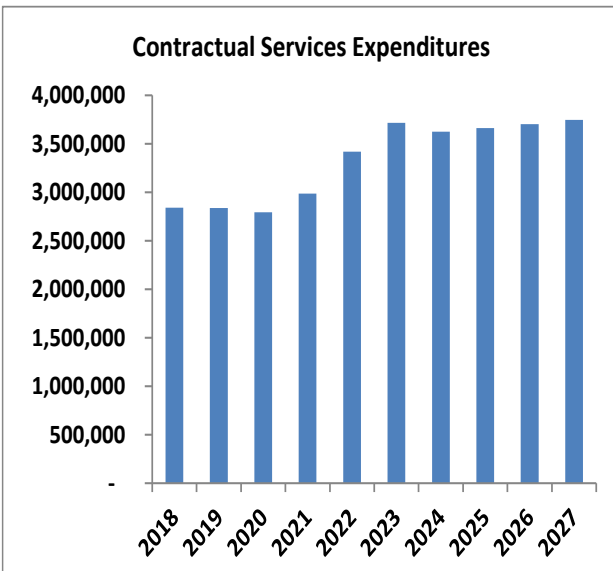
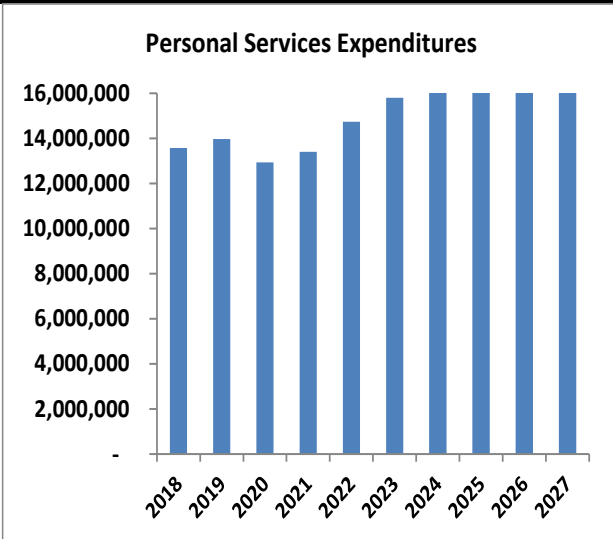
**Contractual Services**

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.

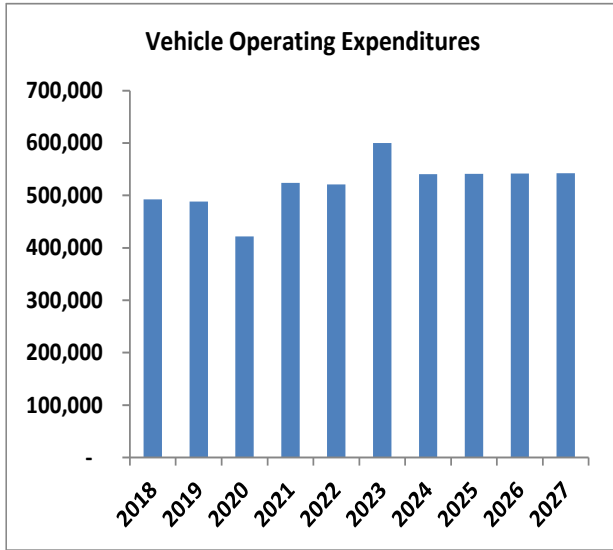
The price of fuel continues to be the major influence on the expenditure and revenue projections.





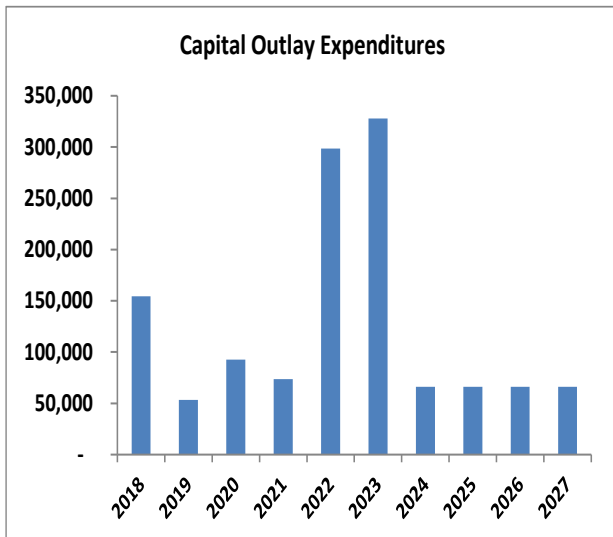
**Vehicle Operating**

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.



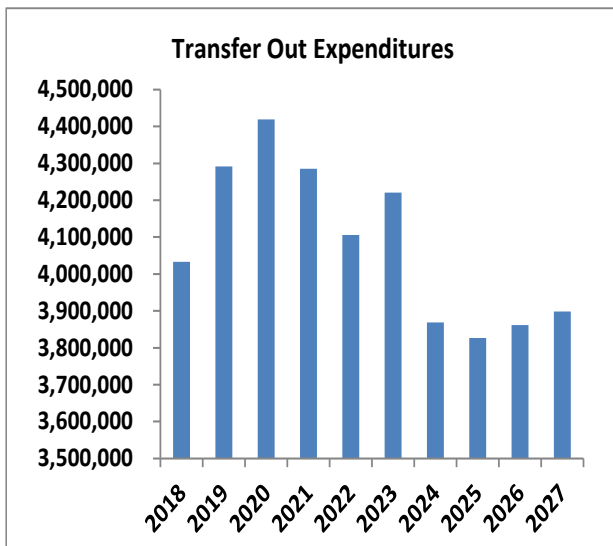
**Capital Outlay**

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.

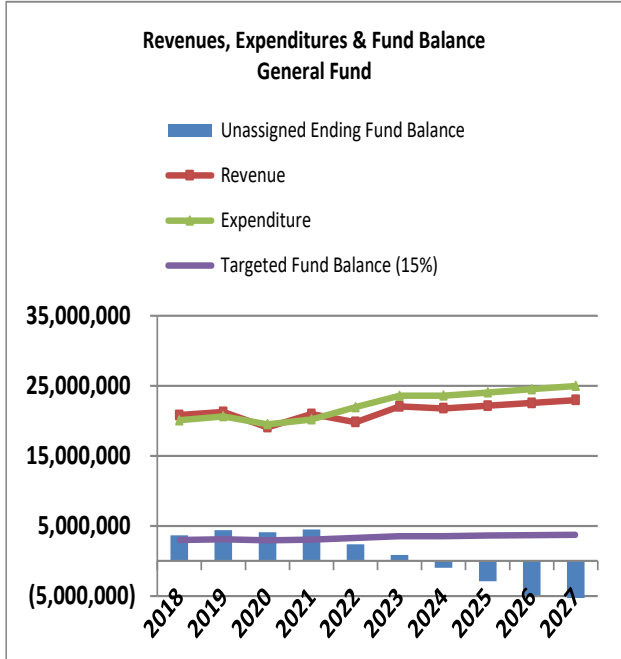
**General Fund**

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.

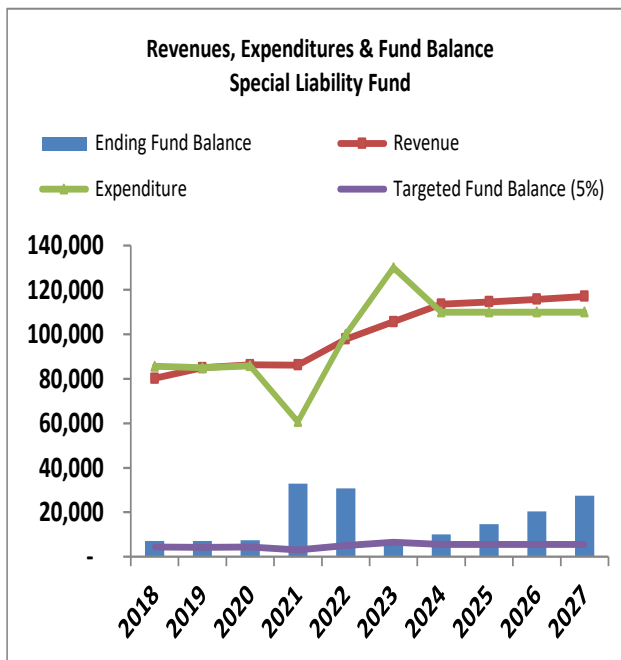
Major fiscal challenges:

- 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.



# City of Newton

# 2022-2027 Financial Plan

- The library facility needs more space in order to continue to provide needed library services. Financing these needs remains a challenge.

### Debt Service Fund

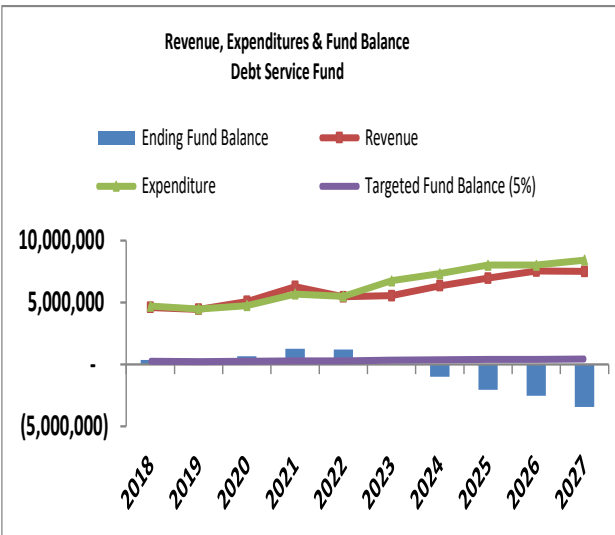
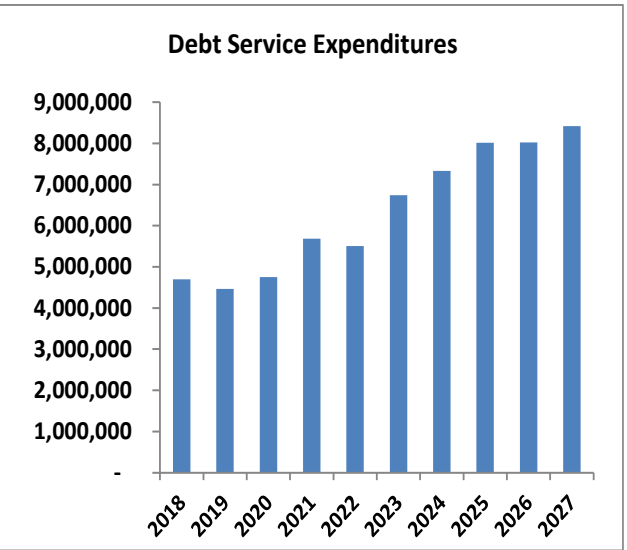
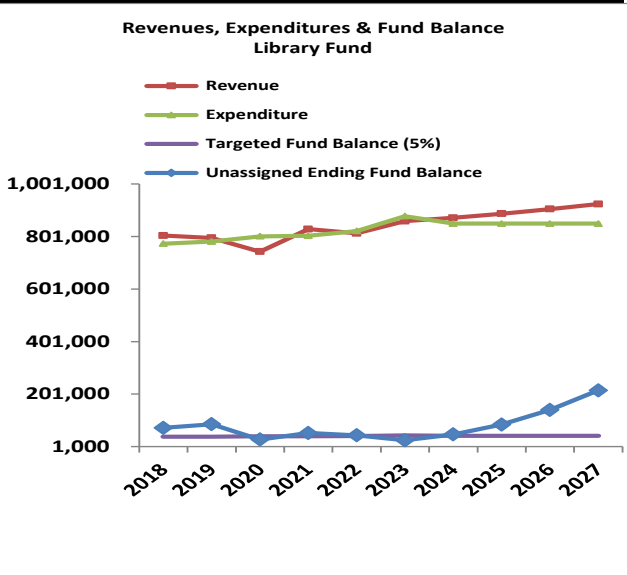
Large capital improvements projects for the City of Newton require long-term financing through municipal bonds. The Bond and Interest Funds (Debt Service Fund) provides for the retirement of General Obligation, Public Building Commission (PBC) revenue bonds and special assessment bonds of the City of 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

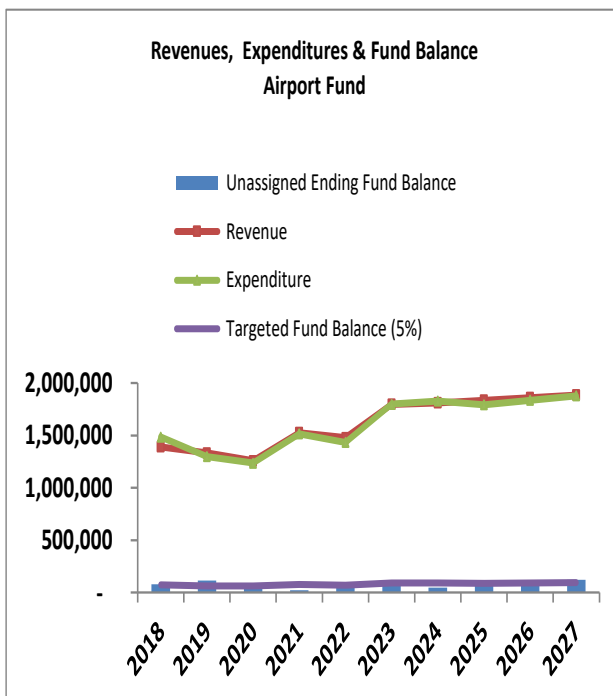
The Newton City-County Airport is a vital asset to



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 2022-2027										
Water Fund										
	Actual				Budget	Projected				
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Unreserved Cash Balance	2,930,766	2,429,468	2,214,526	2,060,897	1,812,182	537,988	(573,155)	(1,849,089)	(3,228,399)	(4,714,518)
Waterworks Revenue	4,614,421	4,497,496	4,631,701	4,684,350	4,677,500	4,783,500	4,795,459	4,807,447	4,819,466	4,831,515
Other Revenue	28,275	26,528	27,157	52,432	31,800	36,800	36,892	36,984	37,077	37,169
<b>Total</b>	<b>4,642,696</b>	<b>4,524,024</b>	<b>4,658,858</b>	<b>4,736,782</b>	<b>4,709,300</b>	<b>4,820,300</b>	<b>4,832,351</b>	<b>4,844,432</b>	<b>4,856,543</b>	<b>4,868,684</b>
<b>Waterworks Admin/Billing</b>										
Personal Services	481,437	375,442	1,054,656	1,084,908	1,379,812	1,429,962	1,472,861	1,517,047	1,562,558	1,609,435
Contractual Services	322,116	330,547	378,342	356,445	410,553	366,952	377,961	389,299	400,978	413,008
Commodities & Supplies	23,304	6,935	10,362	23,950	17,050	34,152	35,177	36,232	37,319	38,438
Vehicle Operating	9,331	18,356	7,221	7,122	22,360	13,500	13,905	14,322	14,752	15,194
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Transfer Out	2,579,890	2,191,407	1,684,366	1,537,774	1,716,509	1,390,787	1,950,978	1,950,978	1,950,978	1,950,978
<b>Total</b>	<b>3,416,078</b>	<b>2,922,687</b>	<b>3,134,947</b>	<b>3,010,199</b>	<b>3,546,284</b>	<b>3,235,353</b>	<b>3,850,881</b>	<b>3,907,878</b>	<b>3,966,585</b>	<b>4,027,053</b>
<b>Waterworks Distribution/Transmission</b>										
Personal Services	429,939	380,002	429,318	338,663	396,290	578,886	596,253	614,140	632,564	651,541
Contractual Services	425,972	394,475	327,166	417,691	614,590	780,290	430,222	443,128	456,422	470,115
Commodities & Supplies	10,756	8,766	5,892	7,699	14,500	16,752	17,255	17,772	18,305	18,855
Vehicle Operating	46,516	29,282	25,619	40,467	39,600	45,600	46,968	48,377	49,828	51,323
Capital Outlay	-	-	-	-	20,000	20,000	-	-	-	-
Transfer Out	155,800	157,815	160,015	179,753	177,863	166,663	180,000	180,000	180,000	180,000
<b>Total</b>	<b>1,068,983</b>	<b>970,340</b>	<b>948,010</b>	<b>984,273</b>	<b>1,262,843</b>	<b>1,608,191</b>	<b>1,270,697</b>	<b>1,303,418</b>	<b>1,337,120</b>	<b>1,371,834</b>
<b>Waterworks Production</b>										
Personal Services	173,747	179,979	185,750	206,751	272,504	282,182	290,647	299,367	308,348	317,598
Contractual Services	347,140	411,195	427,491	454,410	620,400	511,250	468,042	482,084	496,546	511,442
Commodities & Supplies	64,864	62,722	68,915	80,373	79,500	100,574	82,784	85,268	87,826	90,461
Vehicle Operating	11,892	12,918	7,413	15,516	15,210	16,000	16,480	16,974	17,484	18,008
Capital Outlay	-	-	-	-	65,000	65,000	-	-	-	-
Transfer Out	81,266	81,463	81,463	128,753	121,753	112,893	128,753	128,753	128,753	128,753
<b>Total</b>	<b>678,909</b>	<b>748,277</b>	<b>771,032</b>	<b>885,803</b>	<b>1,174,367</b>	<b>1,087,899</b>	<b>986,707</b>	<b>1,012,446</b>	<b>1,038,956</b>	<b>1,066,262</b>
<b>Total Expenditure</b>	<b>5,163,970</b>	<b>4,641,304</b>	<b>4,853,989</b>	<b>4,880,275</b>	<b>5,983,494</b>	<b>5,931,443</b>	<b>6,108,285</b>	<b>6,223,741</b>	<b>6,342,662</b>	<b>6,465,150</b>
Ending Unreserved Cash Balance	2,429,468	2,214,526	2,060,897	1,812,182	537,988	(573,155)	(1,849,089)	(3,228,399)	(4,714,518)	(6,310,983)



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. Due to the forecast showing a deficit balance in 2023, 2022 expenses must be watched closely and modified to carry over more ending balance reserves. The 2023 budget will need to be monitored proactively to find ways to spend less than projected.

Major fiscal challenges:

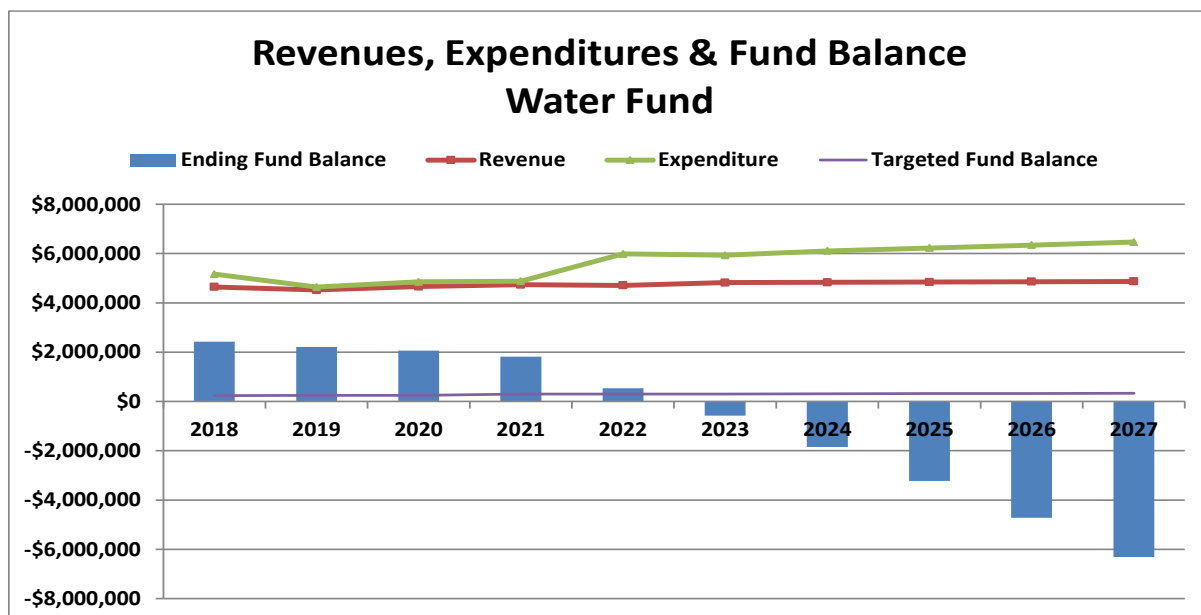
- Maintaining required debt coverage while keeping services affordable to citizens
- Keeping up with the rising costs of operational commodities and supplies
- Compliance with increased unfunded State mandates on water quality and water treatment
- Maintaining and upgrading dilapidated infrastructure

**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. Personal Services account for 39% 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 account for 28% and include transfers to the Water Bond & Interest Fund for debt service, transfer for equipment replacement and transfers to the General Fund.



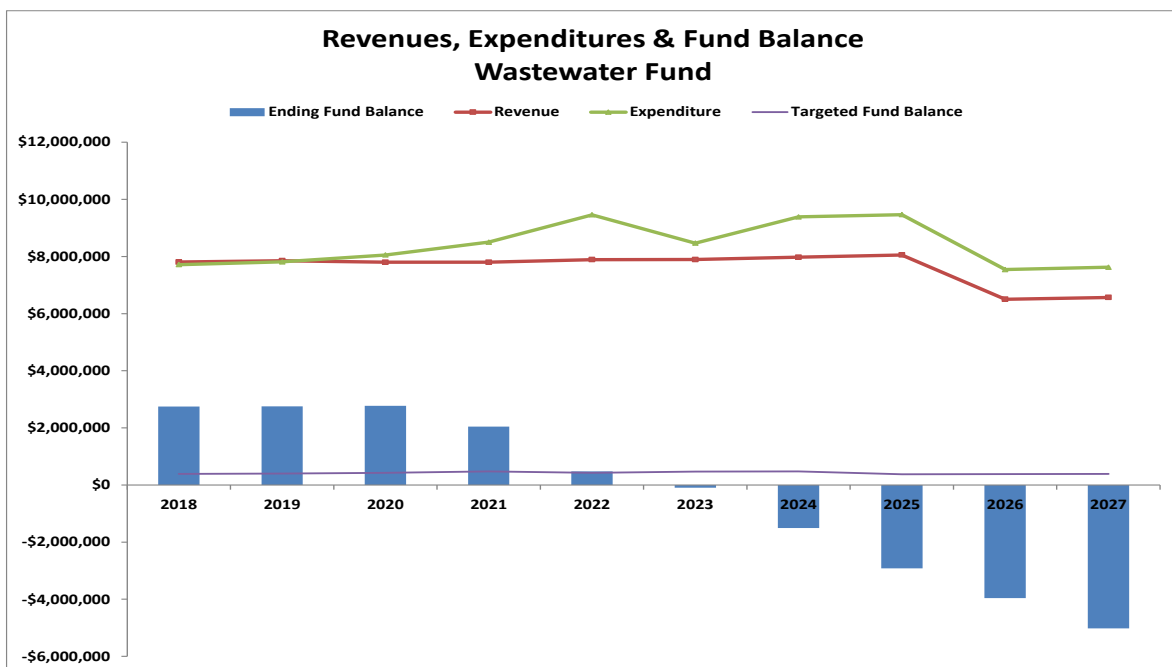
**WASTEWATER FUND**

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. Likewise, this fund’s 2022 and 2023 budgets will need to be managed to spend less than expected as it is not allowed for any city fund to have a deficit balance.

Major fiscal challenges:

- Maintaining required debt coverage while keeping services affordable to citizens
- Keeping up with the rising costs of operational commodities and supplies
- Complies 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**

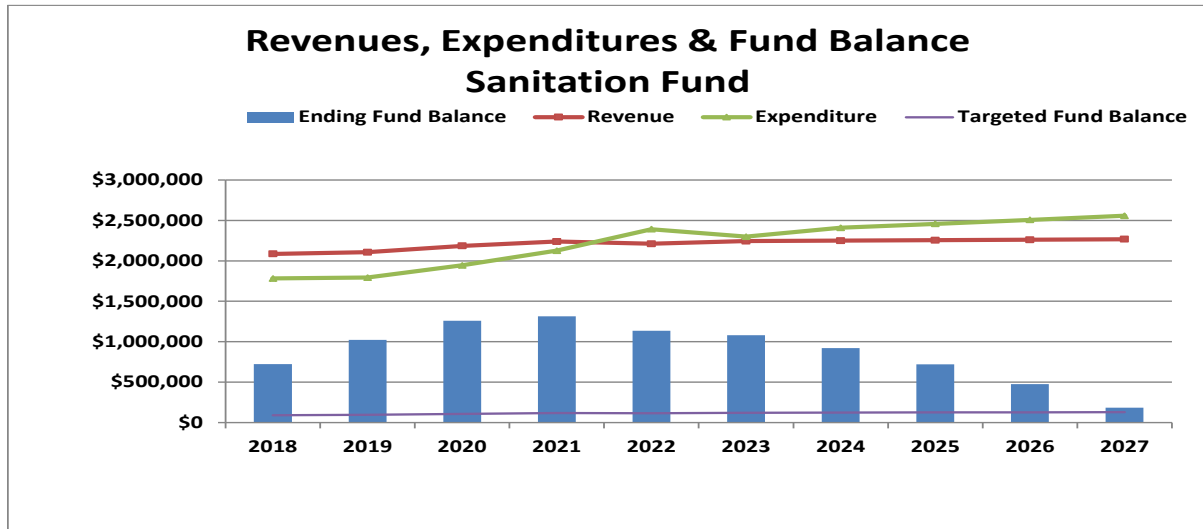
Operationally, the Wastewater Utility is divided into two sections. Wastewater Administration & Billing and Wastewater Plant Operations. Personal services account for 24% of total expenditures. Because City staff from other departments support and provide oversight to the utility, the personnel expenditures also account for indirect support provided to the utility by other non-utility staff. Transfer Out expenditures, or 63% of the total, include transfers to the Wastewater Bond & Interest Fund for debt service, transfer for equipment replacement and transfers to the General Fund.

	FINANCIAL PLAN 2022-2027									
	Wastewater Fund									
	Actual		Budget			Projected				
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Unreserved Cash Balance	2,642,415	2,749,643	2,755,904	2,771,604	2,045,664	476,812	(94,806)	(1,509,468)	(2,920,919)	(3,961,940)
Wastewater Revenue	5,952,466	5,995,321	5,953,347	5,942,662	6,028,000	6,032,000	6,092,320	6,153,243	6,214,776	6,276,923
Treatment Plant Fee	1,854,447	1,857,080	1,845,021	1,856,753	1,863,000	1,863,000	1,881,630	1,900,446	288,000	290,880
<b>Total</b>	<b>7,806,913</b>	<b>7,852,401</b>	<b>7,798,368</b>	<b>7,799,415</b>	<b>7,891,000</b>	<b>7,895,000</b>	<b>7,973,950</b>	<b>8,053,690</b>	<b>6,502,776</b>	<b>6,567,803</b>
<b>Wastewater Admin/Billing</b>										
Personal Services	637,739	600,917	1,255,558	1,293,052	1,569,762	1,636,346	1,685,436	1,735,999	1,788,079	1,841,722
Contractual Services	273,793	299,449	336,757	351,979	319,665	339,973	344,053	348,181	352,359	356,588
Commodities & Supplies	39,825	24,688	21,548	42,908	55,000	48,948	49,883	50,836	51,807	52,796
Vehicle Operating	18,379	15,042	26,294	41,485	22,180	50,000	22,000	22,000	22,000	22,000
Capital Outlay	-	-	62,915	5,316	160,000	40,000	-	-	-	-
Treatment Plant Expenses	-	-	-	-	-	-	-	-	-	-
Transfer Out	5,286,413	5,319,312	4,790,312	5,092,538	4,732,335	4,089,320	5,062,702	5,062,702	3,062,702	3,062,702
<b>Total</b>	<b>6,256,149</b>	<b>6,259,408</b>	<b>6,493,384</b>	<b>6,827,278</b>	<b>6,858,942</b>	<b>6,204,587</b>	<b>7,164,074</b>	<b>7,219,718</b>	<b>5,276,948</b>	<b>5,335,808</b>
<b>Wastewater Plant Operations</b>										
Personal Services	255,009	294,255	269,583	254,861	425,312	358,928	369,696	380,787	392,210	403,977
Contractual Services	299,005	342,731	312,574	335,522	525,460	509,345	341,930	348,461	355,117	361,900
Commodities & Supplies	30,436	45,240	42,469	25,314	61,700	37,432	38,147	38,876	39,618	40,375
Vehicle Operating	26,642	19,893	9,832	11,057	26,240	18,300	18,650	19,006	19,369	19,739
Capital Outlay	-	-	-	-	3,000	3,000	-	-	-	-
Transfer Out	847,540	850,282	926,754	1,046,651	489,289	550,173	553,423	553,423	553,423	553,423
<b>Total</b>	<b>1,458,632</b>	<b>1,552,401</b>	<b>1,561,212</b>	<b>1,673,405</b>	<b>1,531,001</b>	<b>1,477,178</b>	<b>1,321,846</b>	<b>1,340,552</b>	<b>1,359,737</b>	<b>1,379,413</b>
<b>Wastewater Plant Operations</b>										
Personal Services	-	-	-	-	-	70,471	72,585	74,763	77,006	79,316
Contractual Services	-	-	-	63	-	30,800	-	-	-	-
Commodities & Supplies	-	-	-	-	200	3,675	200	200	200	200
Vehicle Operating	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	2,197	-	-	-	-	-	-
Transfer Out	-	-	-	-	1,069,709	679,907	829,907	829,907	829,907	829,907
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,260</b>	<b>1,069,909</b>	<b>784,853</b>	<b>902,692</b>	<b>904,870</b>	<b>907,113</b>	<b>909,423</b>
<b>Total Expenditure</b>	<b>7,714,781</b>	<b>7,811,809</b>	<b>8,054,596</b>	<b>8,502,943</b>	<b>9,459,852</b>	<b>8,466,618</b>	<b>9,388,612</b>	<b>9,465,140</b>	<b>7,543,797</b>	<b>7,624,643</b>
Ending Unreserved Cash Balance	2,749,643	2,755,904	2,771,604	2,045,664	476,812	(94,806)	(1,509,468)	(2,920,919)	(3,961,940)	(5,018,780)





**SANITATION FUND**



The Newton Sanitation Division collects refuse 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 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.

**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.

FINANCIAL PLAN 2022-2027										
Sanitation Fund										
	Actual				Budget	Projected				
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Unreserved Cash Balance	424,275	723,496	1,022,583	1,258,357	1,314,944	1,134,500	1,080,250	921,865	720,703	475,300
Solid Waste	2,086,314	2,106,863	2,184,475	2,239,113	2,210,701	2,244,420	2,250,031	2,255,656	2,261,295	2,266,949
<b>Total</b>	<b>2,086,314</b>	<b>2,106,863</b>	<b>2,184,475</b>	<b>2,239,113</b>	<b>2,210,701</b>	<b>2,244,420</b>	<b>2,250,031</b>	<b>2,255,656</b>	<b>2,261,295</b>	<b>2,266,949</b>
<b>Solid Waste Operations</b>										
Personal Services	586,429	591,550	936,986	952,145	1,082,573	1,077,489	1,115,201	1,154,233	1,194,631	1,236,443
Contractual Services	293,194	314,341	362,199	424,955	503,389	476,761	482,482	488,272	494,131	500,061
Commodities & Supplies	27,362	14,354	21,878	31,469	24,496	36,097	36,530	36,969	37,412	37,861
Vehicle Operating	203,090	226,440	200,786	203,846	248,298	258,709	261,814	264,955	268,135	271,352
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Transfer Out	671,521	646,538	422,597	513,572	532,389	449,614	512,389	512,389	512,389	512,389
<b>Total</b>	<b>1,781,596</b>	<b>1,793,223</b>	<b>1,944,446</b>	<b>2,125,987</b>	<b>2,391,145</b>	<b>2,298,670</b>	<b>2,408,416</b>	<b>2,456,818</b>	<b>2,506,698</b>	<b>2,558,107</b>
Ending Unreserved Cash Balance	723,496	1,022,583	1,258,357	1,314,944	1,134,500	1,080,250	921,865	720,703	475,300	184,142

**Sanitation Fund Expenditure Analysis**

Personnel Services account for 47% 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.

**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.

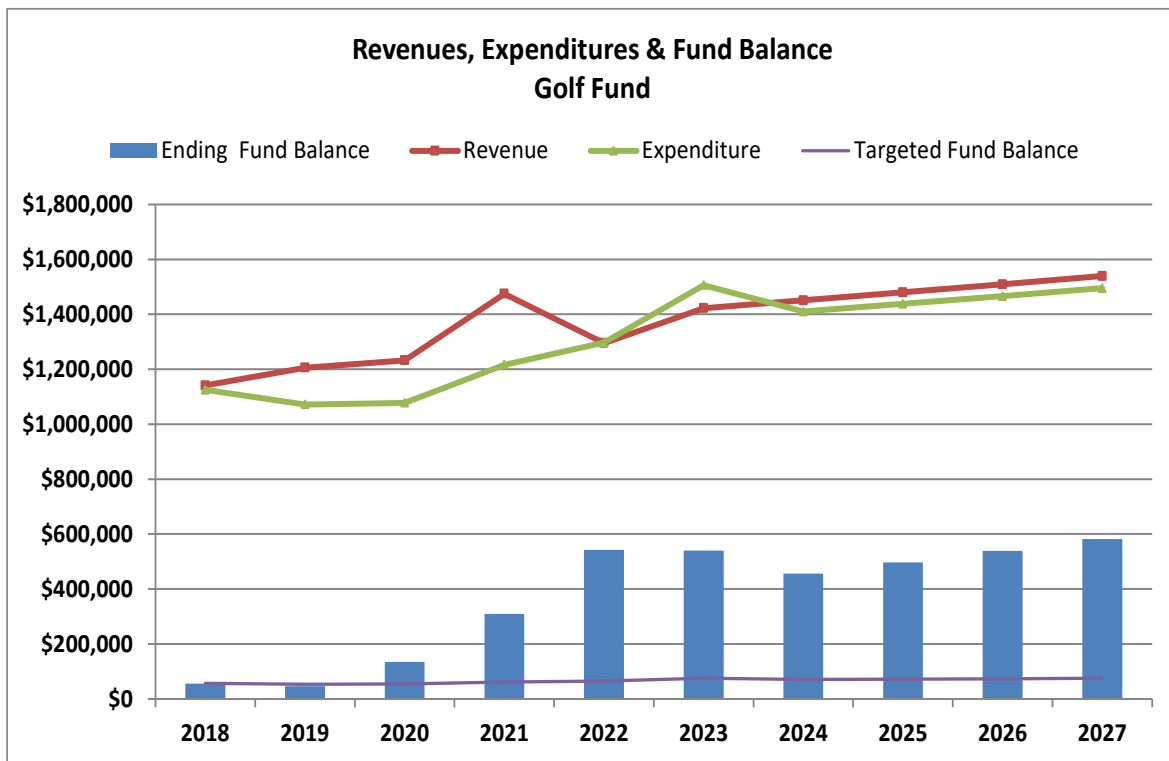
**Golf Fund Expenditure Analysis**

FINANCIAL PLAN 2022-2027										
Sand Creek Station Golf Course										
	Actual				Budget	Projected				
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Unreserved Cash Balance	54,948	46,283	134,356	309,765	542,185	540,109	456,366	496,757	538,520	581,693
Golf Course Revenue	1,141,253	1,205,592	1,232,734	1,474,653	1,295,307	1,422,356	1,450,803	1,479,819	1,509,416	1,539,604
<b>Total</b>	<b>1,141,253</b>	<b>1,205,592</b>	<b>1,232,734</b>	<b>1,474,653</b>	<b>1,295,307</b>	<b>1,422,356</b>	<b>1,450,803</b>	<b>1,479,819</b>	<b>1,509,416</b>	<b>1,539,604</b>
<b>Golf Operations</b>										
Personal Services	545,927	567,287	574,519	614,642	678,152	768,625	783,998	799,677	815,671	831,984
Contractual Services	316,401	256,187	265,587	299,128	253,521	413,121	421,012	429,053	437,248	445,599
Commodities & Supplies	262,570	248,599	231,380	297,162	365,710	201,553	205,403	209,326	213,324	217,398
Vehicle Operating	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	1	5,917	5,489	-	122,800	-	-	-	-
Transfer Out	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,124,898</b>	<b>1,072,074</b>	<b>1,077,403</b>	<b>1,216,421</b>	<b>1,297,383</b>	<b>1,506,099</b>	<b>1,410,412</b>	<b>1,438,056</b>	<b>1,466,243</b>	<b>1,494,982</b>
Ending Unreserved Cash Balance	46,283	134,356	309,765	542,185	540,109	456,366	496,757	538,520	581,693	626,315

Personnel Services account for 51% of operational expenditures. Contractual Services account for 27% of operational expenditures and Commodities and Supplies at 13% of expenditures. In 2022, \$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**

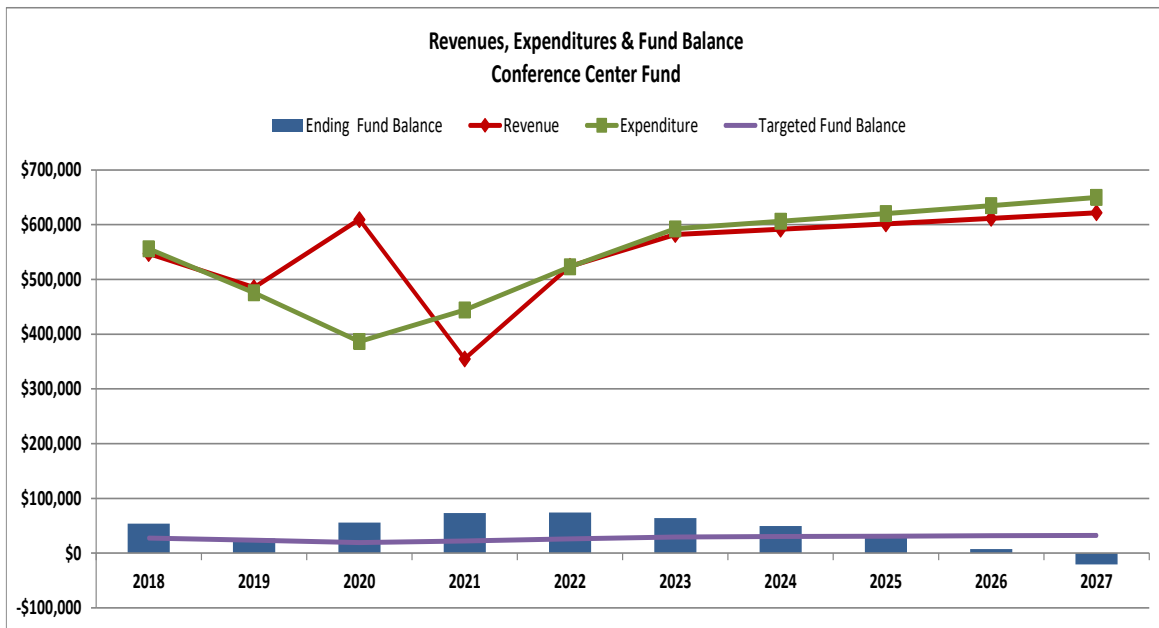
The center anticipates an increase in local real estate development with positive industrial growth in Newton. Also anticipated is growth within the Kansas Logistics Park which will increase the number of middle to upper class families in Newton. This growth will result in an influx of corporate clients 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 66% 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 2022-2027										
Meridian Conference Center										
	Actual				Budget	Projected				
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Unreserved Cash Balance	62,775	53,854	26,746	55,977	73,446	74,471	64,083	49,519	30,646	7,327
Meridian Center Revenue	447,416	385,050	459,525	154,977	424,129	482,147	491,790	501,626	511,658	521,891
Other Revenue	-	-	-	-	-	-	-	-	-	-
Transfer In	100,000	100,000	150,000	200,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>Total</b>	<b>547,416</b>	<b>485,050</b>	<b>609,525</b>	<b>354,977</b>	<b>524,129</b>	<b>582,147</b>	<b>591,790</b>	<b>601,626</b>	<b>611,658</b>	<b>621,891</b>
<b>Meridian Center</b>										
Personal Services	267,197	253,558	221,437	348,899	338,633	393,672	403,514	413,602	423,942	434,540
Contractual Services	204,526	151,237	134,795	53,363	110,865	120,787	123,203	125,667	128,180	130,744
Commodities & Supplies	84,240	71,035	30,494	41,903	73,606	78,076	79,638	81,230	82,855	84,512
Vehicle Operating	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Transfer Out	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>555,963</b>	<b>475,830</b>	<b>386,726</b>	<b>444,165</b>	<b>523,104</b>	<b>592,535</b>	<b>606,354</b>	<b>620,499</b>	<b>634,977</b>	<b>649,796</b>
Ending Unreserved Cash Balance	53,854	26,746	55,977	73,446	74,471	64,083	49,519	30,646	7,327	(20,577)