

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

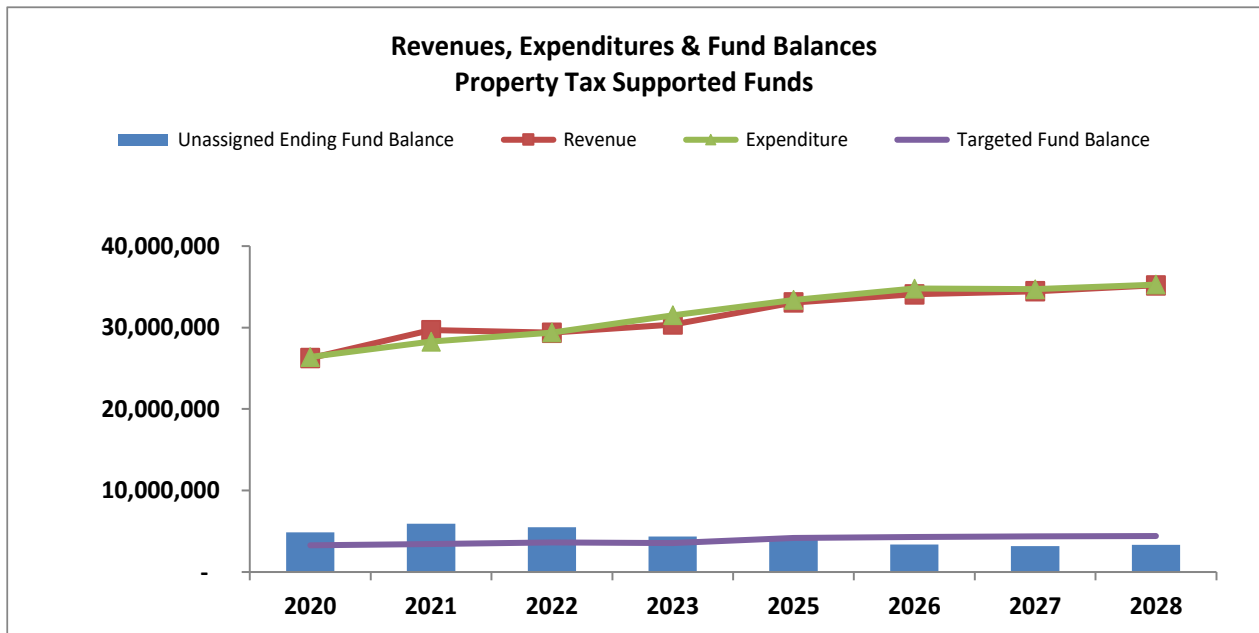
A number of funds in the financial plan are projected to decrease their fund balances below the minimum requirements. The revenues and expenditure assumptions do not take into account actions that the City Commission will take to ensure that this does not occur during any operating budget year.

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 2023 - 2028								
	City Wide Property Tax Supported Funds								
	ACTUAL 2020	ACTUAL 2021	ACTUAL 2022	BUDGET 2023	PROPOSED 2024	PROJECTED 2025	PROJECTED 2026	PROJECTED 2027	PROJECTED 2028
Beginning Balance	4,938,284	4,845,440	5,936,359	5,500,061	4,361,196	4,405,501	4,087,540	3,373,096	3,170,191
OPERATING REVENUE									
Taxes									
Property Tax	7,731,733	8,001,712	7,973,298	9,620,354	10,933,554	11,192,430	11,525,203	11,916,097	12,345,801
Motor Vehicle Tax	996,135	1,043,589	991,467	1,041,597	1,083,124	1,110,833	1,133,980	1,158,180	1,182,916
Local Sales Tax	2,152,267	2,412,261	2,608,759	2,300,000	2,500,000	2,562,500	2,626,563	2,692,227	2,759,532
Local Sales Tax - Special	3,337,869	3,729,104	4,019,888	3,500,000	3,700,000	3,792,500	3,887,313	3,984,495	4,084,108
Franchise Fees	1,468,435	1,519,599	1,775,707	1,600,000	1,700,000	1,717,000	1,734,170	1,751,512	1,769,027
Other Taxes	81,418	84,239	88,598	84,442	92,969	84,070	84,398	84,456	84,905
Total Taxes	15,767,857	16,790,504	17,457,717	18,146,393	20,009,647	20,459,333	20,991,626	21,586,967	22,226,289
Intergovernmental Revenue	574,094	307,737	189,462	53,000	54,000	54,000	54,000	54,000	54,000
License & Permits	246,223	268,673	383,805	255,300	387,500	377,491	383,888	387,058	389,784
Charges for Services	1,710,623	1,820,274	2,017,788	1,849,740	1,979,127	1,997,018	2,015,088	1,970,006	1,987,806
Fines, Penalties & Forfeitures	345,461	395,900	300,652	425,000	350,000	350,000	350,000	350,000	350,000
Use of Money	200,885	4,039	401,572	10,000	400,000	410,000	420,250	430,756	441,525
Other Revenue	540,048	521,896	564,518	540,000	535,000	544,950	549,950	554,999	560,099
Sales & Rental	1,090,265	1,399,012	1,669,545	1,680,913	1,707,000	1,724,337	1,747,413	1,770,820	1,794,589
Charges & Other Revenues	6,390	6,931	8,850	12,000	8,500	9,696	9,440	9,465	9,463
Special Receipts	952,811	1,227,766	1,065,210	1,126,394	1,068,127	1,229,275	1,267,016	977,786	977,786
Transfer In	4,801,806	6,939,096	5,309,207	6,264,374	6,019,831	5,917,423	6,283,536	6,362,186	6,380,371
Total Operating Revenue	26,236,463	29,681,828	29,368,326	30,363,114	32,518,732	33,073,523	34,072,206	34,454,045	35,171,711
OPERATING EXPENDITURES									
Personal Services	12,927,888	13,408,115	14,305,549	15,793,793	16,764,114	17,155,480	17,579,623	18,017,973	18,471,107
Contractual Services									
Bond & Interest Payments	4,749,774	5,683,050	5,173,421	5,159,208	5,493,014	6,374,380	7,224,381	6,560,782	6,411,307
Other Contractual Services	2,793,301	2,987,207	3,062,660	3,667,050	3,518,403	3,487,686	3,509,429	3,549,132	3,572,458
Total Contractual Services	7,543,075	8,670,257	8,236,081	8,826,258	9,011,417	9,862,066	10,733,810	10,109,914	9,983,765
Commodities & Supplies	978,593	1,302,955	1,604,169	1,733,553	1,728,840	1,666,950	1,679,767	1,702,416	1,715,405
Vehicle Operating	421,783	524,163	684,690	599,950	664,725	598,674	634,363	620,066	590,785
Capital Outlays	92,758	73,618	236,796	328,000	78,000	66,000	68,000	66,000	66,000
Transfer Out	4,419,207	4,285,408	4,316,060	4,220,426	4,227,331	4,042,313	4,091,088	4,140,581	4,190,907
Total Operating Expenditures	26,383,304	28,264,516	29,383,345	31,501,980	32,474,427	33,391,484	34,786,650	34,656,950	35,017,968
Ending Balance	4,845,440	5,936,359	5,500,061	4,361,196	4,405,501	4,087,540	3,373,096	3,170,191	3,323,933
City Assessed Valuation	125,194,134	128,185,872	129,732,955	138,964,581	152,885,525	156,530,120	161,215,587	166,722,686	172,772,167
Mill Levy	62.470	62.535	62.506	70.383	71.883	71.883	71.883	71.883	71.883
GENERAL FUND	43.355	42.828	45.806	53.711	56.211	56.211	56.211	56.211	56.211
AIRPORT FUND	0.670	0.671	0.671	0.670	0.670	0.670	0.670	0.670	0.670
LIBRARY FUND	5.195	5.773	5.580	5.570	5.570	5.570	5.570	5.570	5.570
SPECIAL LIABILITY FUND	0.192	0.192	0.383	0.383	0.383	0.383	0.383	0.383	0.383
BOND & INTEREST FUND	13.058	13.071	10.066	10.049	9.049	9.049	9.049	9.049	9.049



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.

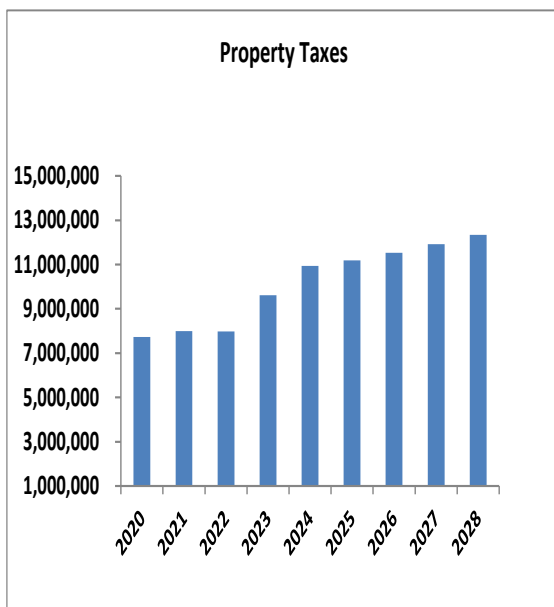
1. Property Tax
2. Transfer In
3. Original 1% Local Sales & Use Tax
4. Additional 1% Local Sales & Use Tax
5. Charges for Services
6. Sales & Rental
7. Franchise Tax
8. Special Receipts
9. Motor Vehicle Tax

Property Tax

Property tax is the largest revenue source for property tax-supported funds. The General Fund receives 78% 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. 12.5% of property tax revenue is allocated for debt service and 7.8% is designated for funding the library operation budget.

The 2024 mill levy will be 71.883. The mill levy increased 1.5 mills in 2023 for the 2024 budget year. The mill levy had 8 mills in 2023 after remaining constant for the previous 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.

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

Property Tax Supported Funds Revenues		
	2024 Budget	% of Total
Property Tax	10,933,554	33.6%
Transfer In	6,019,831	18.5%
Additional Local Sales Tax	3,700,000	11.4%
Original Local Sales Tax	2,500,000	7.7%
Charges for Services	1,979,127	6.1%
Sales & Rental Revenue	1,707,000	5.2%
Franchise Tax Revenue	1,700,000	5.2%
Special Receipts	1,068,127	3.3%
Motor Vehicle Tax	1,083,124	3.3%
Other Tax Revenue	92,969	0.3%
Fines, Penalties & Forfeiture	350,000	1.1%
Other Revenue	535,000	1.6%
License & Permits	387,500	1.2%
Intergovernmental Rev.	54,000	0.2%
Uses of Money	400,000	1.2%
Charges & Other Rev.	8,500	0.0%
	32,518,732	100%



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 44.24%. 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%. In 2023 the State exempted food sales from the State’s portion of sales tax.

City	Distribution of Original 1% Sales Tax
Burrton	1.8340%
Halstead	5.2038%
Hesston	7.5223%
Newton	44.2384%
North Newton	3.6866%
Sedgwick	3.3047%
Walton	0.4498%
Harvey Unincorporated	33.7605%
	<u>100.00%</u>

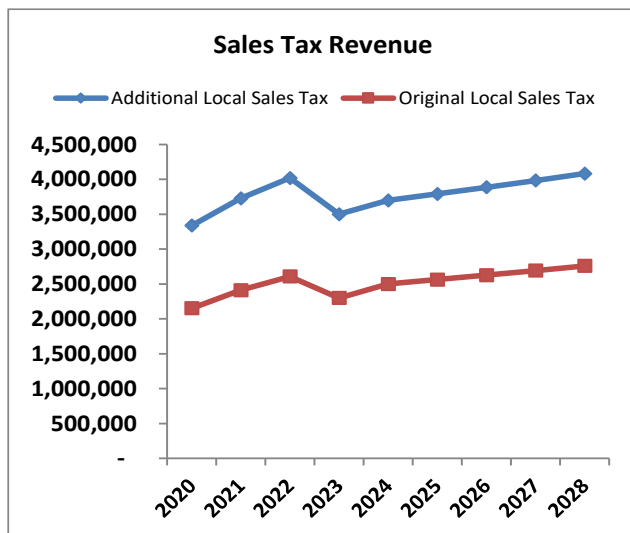
Additional 1% Local Sales & Use Tax

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 64.78% of sales tax collected in Harvey County in 2023.

City	Distribution of Additional 1% Sales Tax
Burrton	1.5998%
Halstead	4.5393%
Hesston	6.5617%
Newton	64.7779%
North Newton	3.2158%
Sedgwick	2.8827%
Walton	0.3924%
Harvey Unincorporated	16.0304%
	<u>100.000%</u>

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:

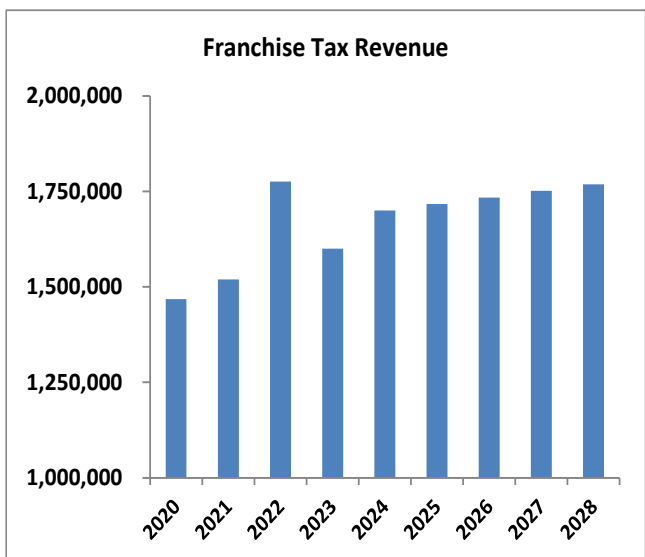
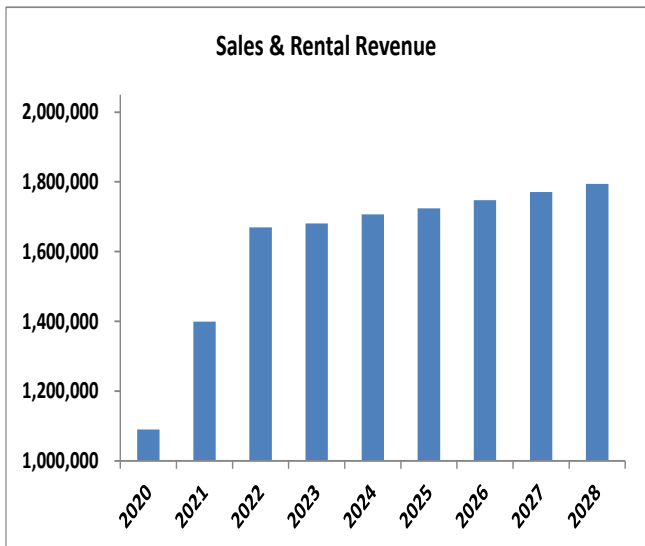
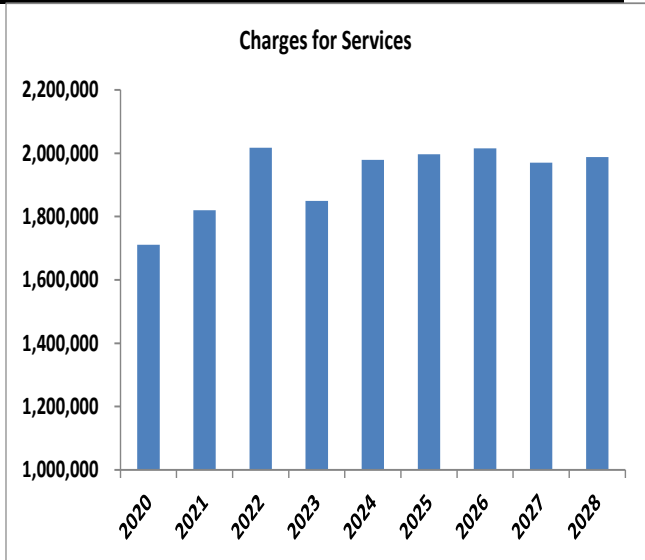
- Increase in volume and services offered

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.

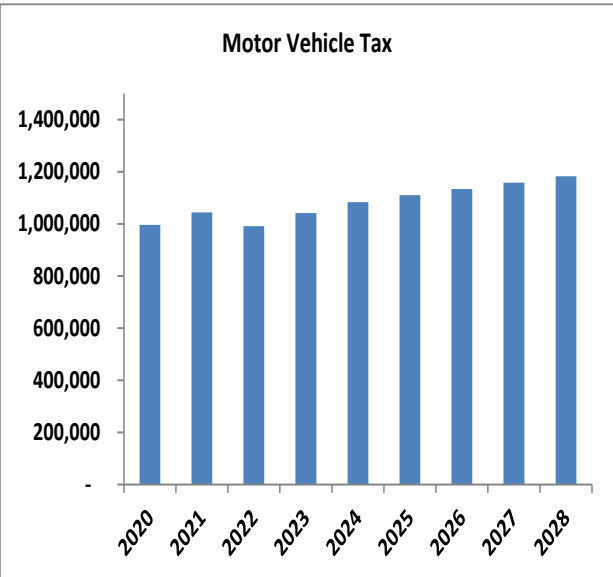
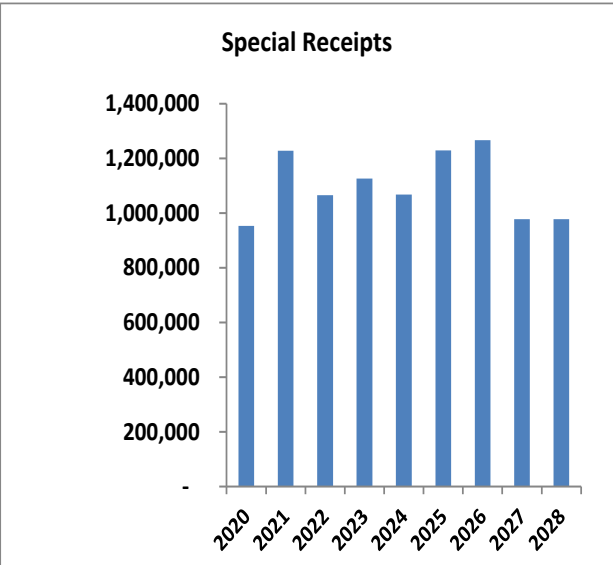
Motor Vehicle Tax

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 52% of property tax-supported expenditures. Contractual services is the second-largest expenditure category, accounting for 28% of



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

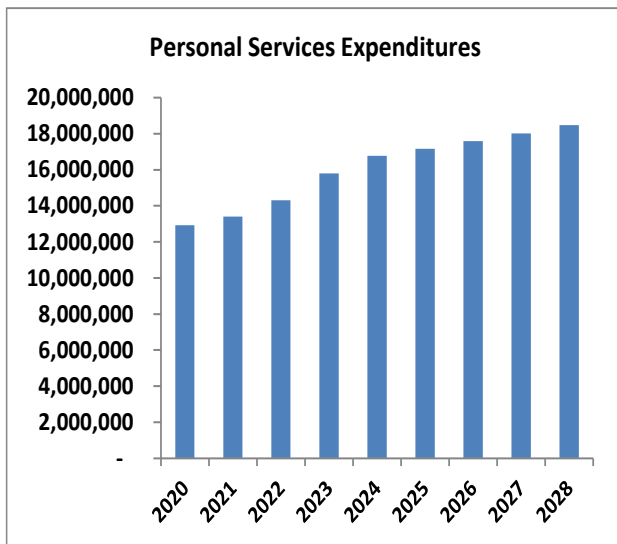
Budgeted Expenditures Property Tax Supported Funds		
	2024 Budget	% of Total
Personal Services	16,764,114	52%
Contractual Services	9,011,417	28%
Commodities & Supplies	1,728,840	5%
Vehicle Operating	664,725	2%
Capital Outlay	78,000	0%
Transfer Out	4,227,331	13%
	32,474,427	100%

Personnel Services

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

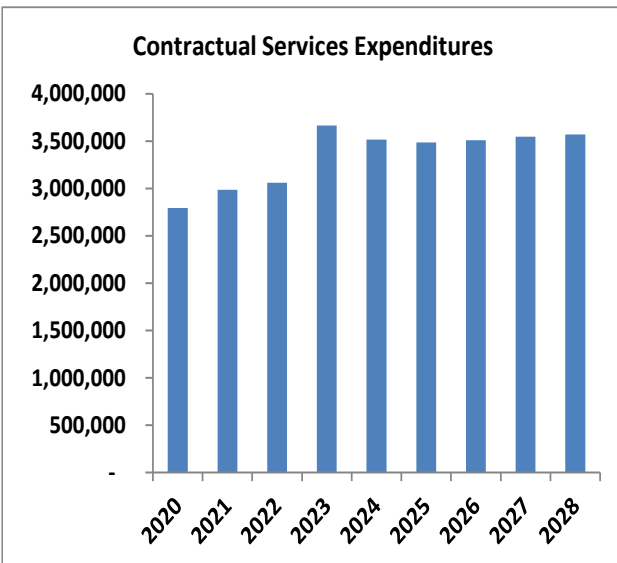


employee benefits, including Social Security, Medicare, pension, health and dental insurance, worker’s compensation, etc., are included in Personnel Services. The City offers a health insurance plan for eligible employees. City health plan costs continue to rise, but have been under national percentage 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 and a 2% cost of living increase.



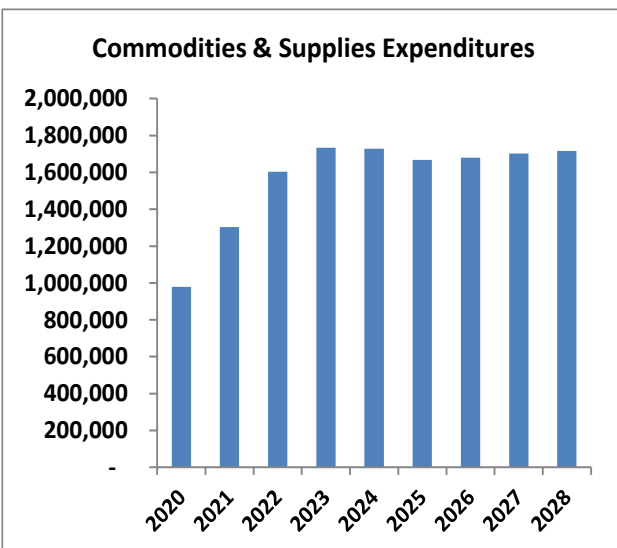
Contractual Services

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

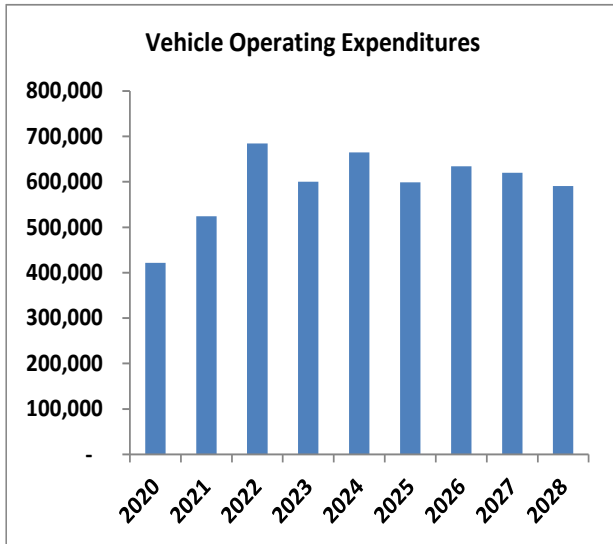
Commodities & Supplies include purchases of tangible items and tools required for effective day to day operation. Items under this category are typically not long term. The largest single expenditure item in this category is aviation fuel. The Airport purchases aviation fuel for resale. The decrease 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.

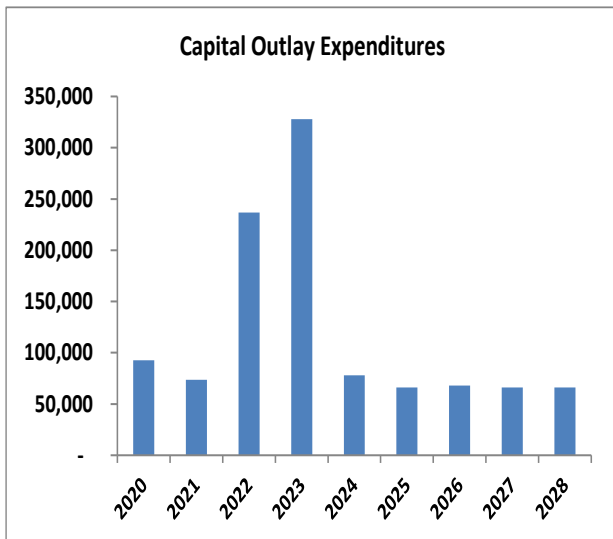
Vehicle Operating

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.



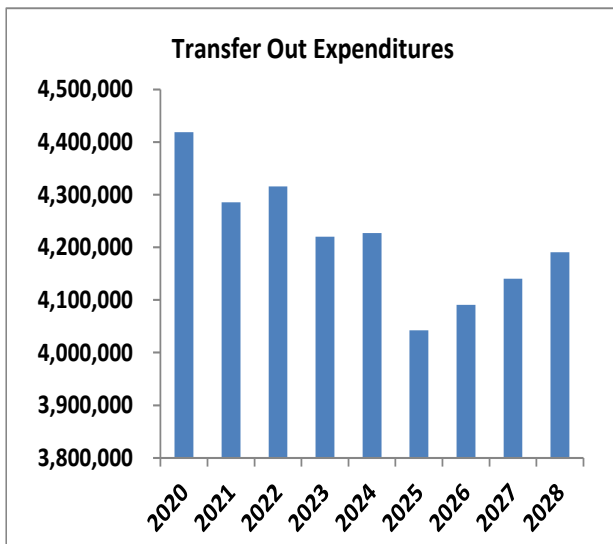
Capital Outlay

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

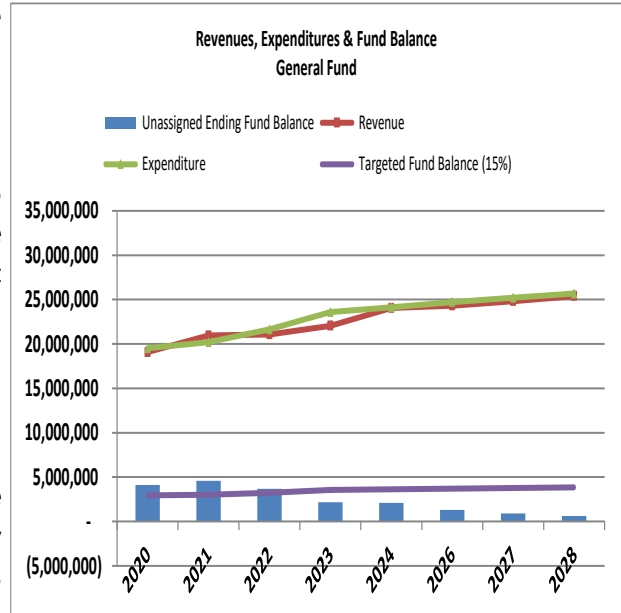
challenges anticipated to impact the fund over the planning period.

General Fund

The City’s fund balance policy requires the General Fund to maintain a minimum balance equal to 15 percent of budgeted 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.

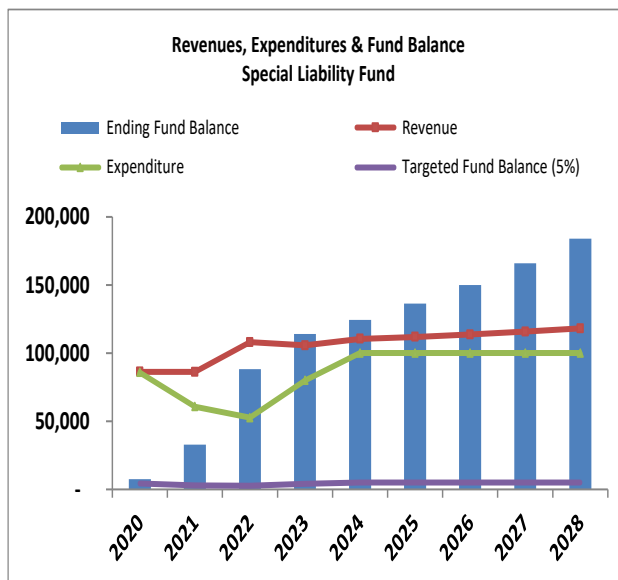
Major fiscal challenges:

- 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:

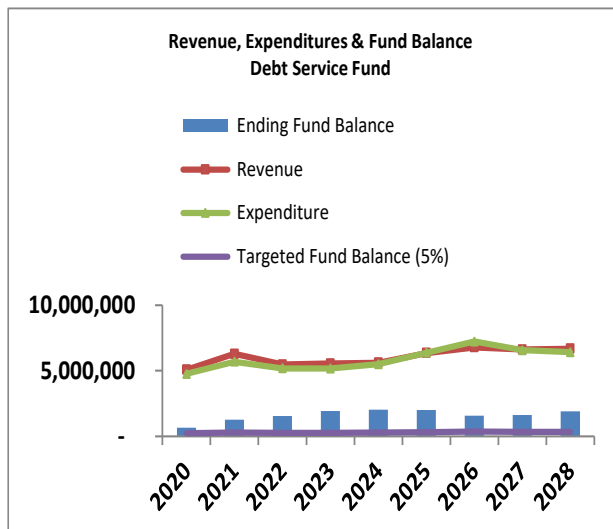
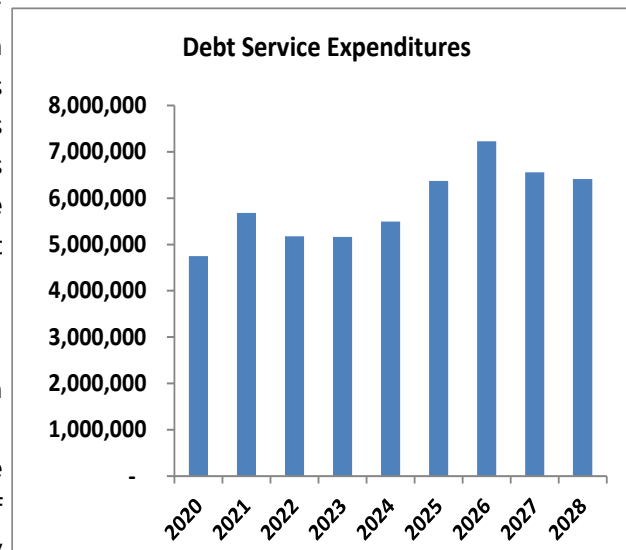
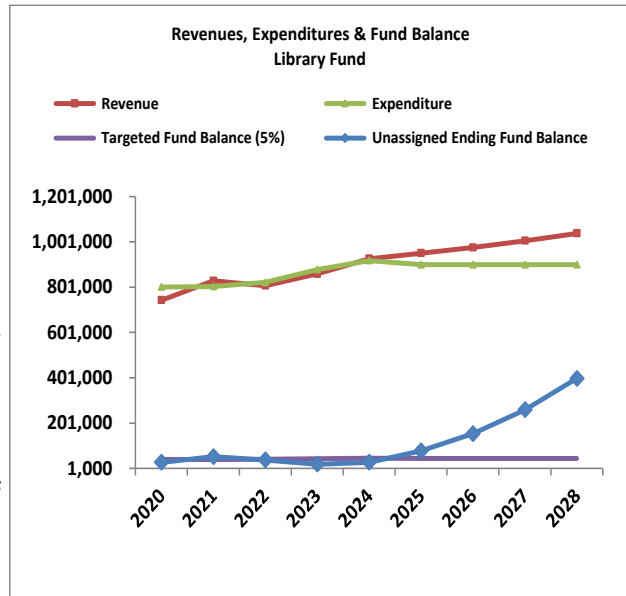
- The impact of the assessed valuation on property tax revenues.
- The library facility is being replaced with a new building. The old facility will be torn down and that area used for a parking lot. The projected cost of the new building is \$10.7 million, with the City financing \$4.5 million and the Library and private donations financing the remainder.

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.

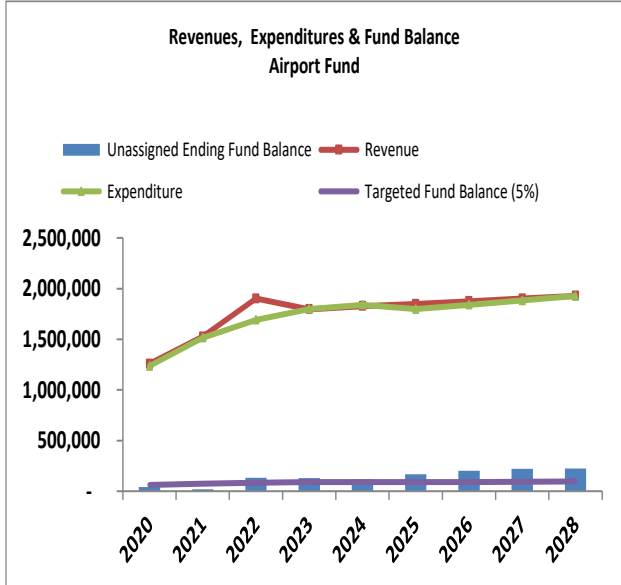
Airport Fund

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. Annually \$180,000 in combined City and County taxes is budgeted for 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.
- 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.

FINANCIAL PLAN 2023-2028									
Water Fund									
	ACTUAL			Budget	Projected				
	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning Unreserved Cash Balance	2,214,526	2,060,897	1,812,182	1,543,764	432,621	(63,897)	(165,345)	210,465	1,115,970
Waterworks Revenue	4,631,701	4,684,350	4,781,470	4,783,500	5,565,101	6,121,894	6,703,474	7,340,304	7,707,319
Other Revenue	27,157	52,432	59,738	36,800	61,200	61,353	61,506	61,660	61,814
Total	4,658,858	4,736,782	4,841,208	4,820,300	5,626,301	6,183,247	6,764,980	7,401,964	7,769,133
Waterworks Admin/Billing									
Personal Services	1,054,656	1,084,908	1,378,358	1,429,962	1,518,487	1,564,042	1,610,963	1,659,292	1,709,070
Contractual Services	378,342	356,445	337,727	366,952	389,673	397,116	404,701	412,430	420,308
Commodities & Supplies	10,362	23,950	12,155	34,152	33,807	34,453	35,111	35,781	36,465
Vehicle Operating	7,221	7,122	10,174	13,500	12,500	12,739	12,982	13,230	13,483
Capital Outlay	-	-	-	-	-	-	-	-	-
Transfer Out	1,684,366	1,537,774	1,421,169	1,390,787	1,899,175	1,950,978	1,950,978	1,950,978	1,950,978
Total	3,134,947	3,010,199	3,159,583	3,235,353	3,853,642	3,959,327	4,014,734	4,071,712	4,130,304
Waterworks Distribution/Transmission									
Personal Services	429,318	338,663	396,711	578,886	612,860	631,246	650,183	669,689	689,779
Contractual Services	327,166	417,691	592,614	780,290	576,450	587,460	598,681	610,115	621,769
Commodities & Supplies	5,892	7,699	11,941	16,752	17,333	17,664	18,001	18,345	18,696
Vehicle Operating	25,619	40,467	43,850	45,600	52,000	52,993	54,005	55,037	56,088
Capital Outlay	-	-	10,101	20,000	20,000	-	-	-	-
Transfer Out	160,015	179,753	177,863	166,663	146,663	180,000	180,000	180,000	180,000
Total	948,010	984,273	1,233,080	1,608,191	1,425,306	1,469,363	1,500,871	1,533,186	1,566,332
Waterworks Production									
Personal Services	185,750	206,751	254,567	282,182	299,828	308,823	318,088	327,630	337,459
Contractual Services	427,491	454,410	387,962	511,250	277,550	282,851	288,254	293,759	299,370
Commodities & Supplies	68,915	80,373	112,361	100,574	130,600	133,094	135,637	138,227	140,867
Vehicle Operating	7,413	15,516	20,378	16,000	18,000	18,344	18,694	19,051	19,415
Capital Outlay	-	-	1,117	65,000	10,000	-	-	-	-
Transfer Out	81,463	128,753	121,753	112,893	107,893	112,893	112,893	112,893	112,893
Total	771,032	885,803	898,138	1,087,899	843,871	856,005	873,565	891,561	910,005
Total Expenditure	4,853,989	4,880,275	5,290,801	5,931,443	6,122,819	6,284,695	6,389,170	6,496,459	6,606,640
Ending Unreserved Cash Balance	2,060,897	1,812,182	1,543,764	432,621	(63,897)	(165,345)	210,465	1,115,970	2,278,463

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.



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 periodic meter replacement. 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. A five-year rate increase plan was adopted by Commission to start January 1, 2024,

Major fiscal challenges:

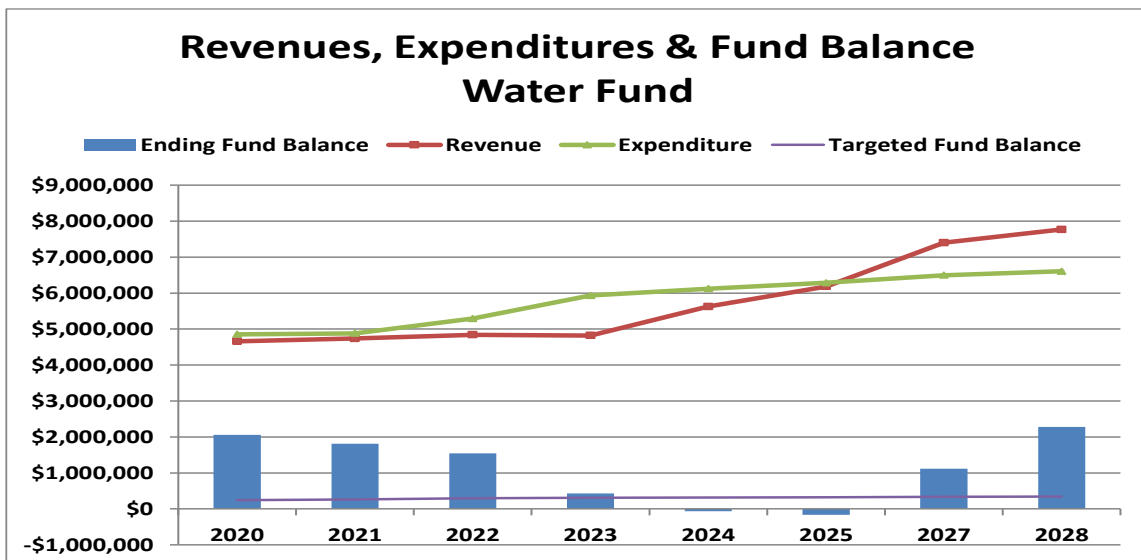
- Maintaining required debt coverage while keeping services affordable to citizens
- Keeping up with the rising costs of operational commodities and supplies
- Compliance with increased unfunded State mandates on water quality and water treatment
- Maintaining and upgrading dilapidated infrastructure

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 40% 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 35% and include transfers to the Water Bond & Interest Fund for debt service, transfer for equipment replacement and transfers to the General Fund.

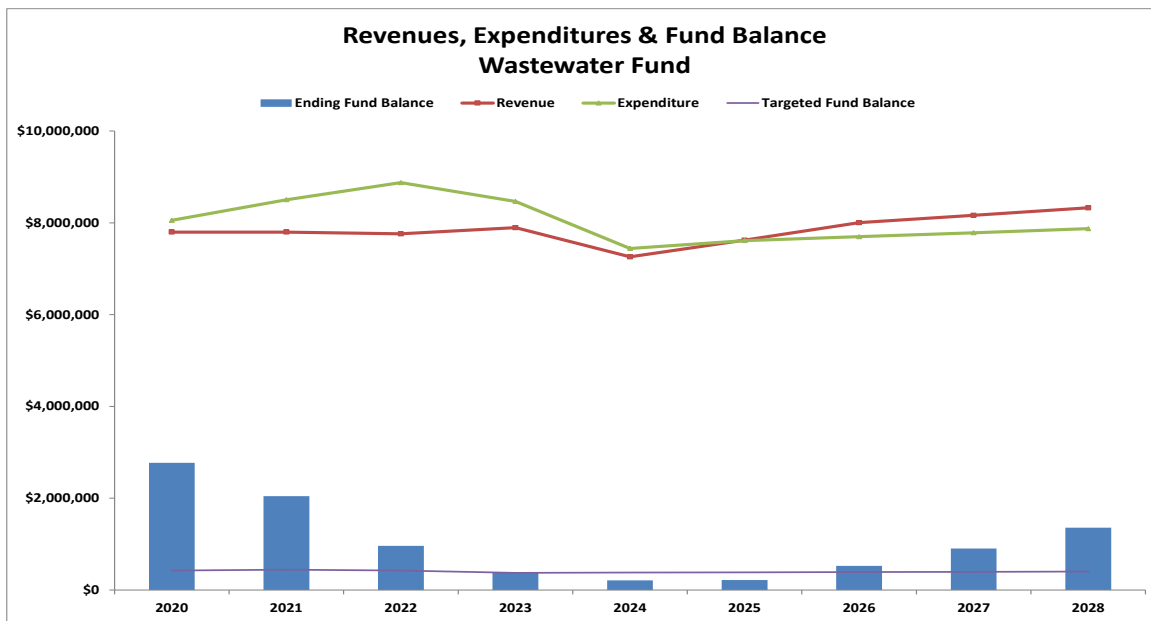


WASTEWATER FUND

Newton owns and operates a regional wastewater treatment plant licensed by the Kansas Department of Health and Environment. 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 2023 and 2024 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

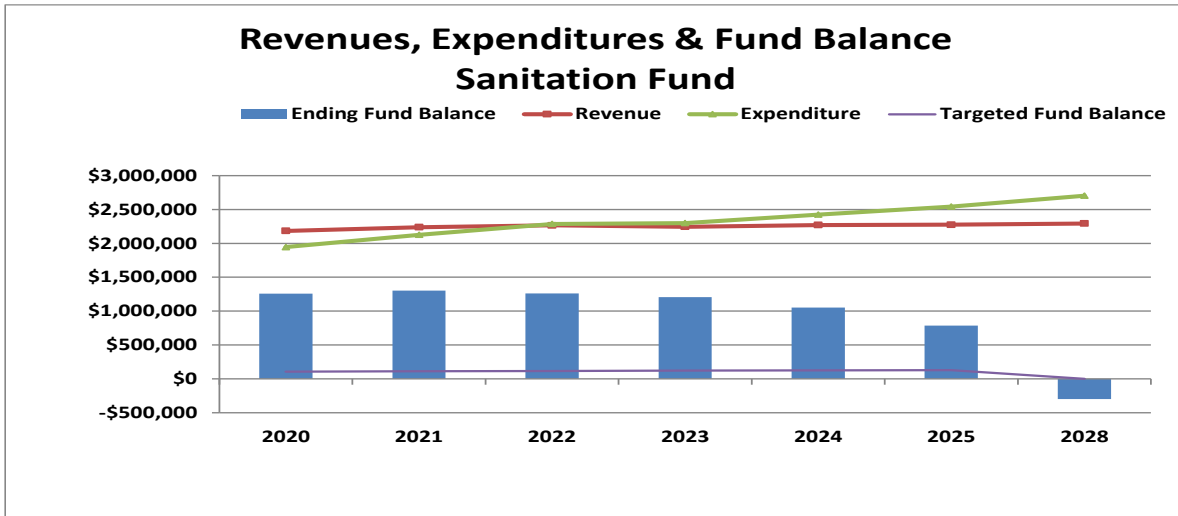
Similar to the Water Fund, the primary source of revenue for the Wastewater Fund is user fees. The Fund is self-supporting and therefore is required to generate sufficient revenue to meet its operating expenses. Starting in 2024, the City Commission has adopted a new rate structure to bring revenues more in line to cover expenditures and maintain a healthy reserve in this fund.

Wastewater Fund Expenditure Analysis

Operationally, the Wastewater Utility is divided into three sections. Wastewater Administration & Billing, Wastewater Plant Operations, and Wastewater Storm Sewer Operations. Personal services account for 29% 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 56% 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 2023-2028									
Wastewater Fund									
	ACTUAL			Budget	Projected				
	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning Unreserved Cash Balance	2,755,904	2,771,604	2,045,664	963,971	392,353	209,474	218,595	524,758	904,590
Wastewater Revenue	5,953,347	5,942,662	5,924,486	6,032,000	7,260,000	7,623,000	8,004,150	8,164,233	8,327,518
Treatment Plant Fee	1,845,021	1,856,753	1,836,156	1,863,000	-	-	-	-	-
Total	7,798,368	7,799,415	7,760,642	7,895,000	7,260,000	7,623,000	8,004,150	8,164,233	8,327,518
Wastewater Admin/Billing									
Personal Services	1,255,558	1,293,052	1,556,210	1,636,346	1,667,928	1,717,966	1,769,505	1,822,590	1,877,268
Contractual Services	336,757	351,979	366,069	339,973	396,112	400,865	405,676	410,544	415,470
Commodities & Supplies	21,548	42,908	31,711	48,948	52,922	53,933	54,963	56,013	57,083
Vehicle Operating	26,294	41,485	50,339	50,000	55,000	50,000	50,000	50,000	50,000
Capital Outlay	62,915	5,316	18,527	40,000	40,000	-	-	-	-
Treatment Plant Expenses	-	-	-	-	-	-	-	-	-
Transfer Out	4,790,312	5,092,538	4,526,137	4,089,320	2,916,467	3,062,702	3,062,702	3,062,702	3,062,702
Total	6,493,384	6,827,278	6,548,993	6,204,587	5,128,429	5,285,466	5,342,845	5,401,849	5,462,523
Wastewater Plant Operations									
Personal Services	269,583	254,861	317,306	358,928	434,048	447,069	460,482	474,296	488,525
Contractual Services	312,574	335,522	374,904	509,345	493,735	503,165	512,776	522,570	532,551
Commodities & Supplies	42,469	25,314	51,985	37,432	47,520	48,428	49,353	50,295	51,256
Vehicle Operating	9,832	11,057	15,310	18,300	18,300	18,650	19,006	19,369	19,739
Capital Outlay	-	-	1,042	3,000	3,000	-	-	-	-
Transfer Out	926,754	1,046,651	489,289	550,173	535,173	550,173	550,173	550,173	550,173
Total	1,561,212	1,673,405	1,249,836	1,477,178	1,531,776	1,567,485	1,591,789	1,616,703	1,642,243
Stormwater Operations									
Personal Services	-	-	-	70,471	78,467	80,821	83,246	85,743	88,315
Contractual Services	-	63	4,469	30,800	19,800	-	-	-	-
Commodities & Supplies	-	-	2,210	3,675	4,500	200	200	200	200
Vehicle Operating	-	-	-	-	-	-	-	-	-
Capital Outlay	-	2,197	-	-	-	-	-	-	-
Transfer Out	-	-	1,069,710	679,907	679,907	679,907	679,907	679,907	679,907
Total	-	2,260	1,076,389	784,853	782,674	760,928	763,353	765,850	768,422
Total Expenditure	8,054,596	8,502,943	8,875,218	8,466,618	7,442,879	7,613,879	7,697,987	7,784,401	7,873,188
Ending Unreserved Cash Balance	2,771,604	2,045,664	963,971	392,353	209,474	218,595	524,758	904,590	1,358,919

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.

Sanitation Fund Expenditure Analysis

Personnel Services account for 48% 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.

FINANCIAL PLAN 2023-2028									
Sanitation Fund									
	ACTUAL			Budget		Projected			
	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning Unreserved Cash Balance	1,022,583	1,258,357	1,304,044	1,260,405	1,206,155	1,052,849	786,548	473,748	112,863
Solid Waste	2,184,475	2,239,113	2,266,040	2,244,420	2,270,385	2,276,061	2,281,751	2,287,455	2,293,174
Total	2,184,475	2,239,113	2,266,040	2,244,420	2,270,385	2,276,061	2,281,751	2,287,455	2,293,174
Solid Waste Operations									
Personal Services	936,986	952,145	1,000,174	1,077,489	1,169,051	1,209,968	1,252,317	1,296,148	1,341,513
Contractual Services	362,199	424,955	466,983	476,761	504,690	510,746	516,875	523,078	529,355
Commodities & Supplies	21,878	31,469	22,692	36,097	35,492	35,918	36,349	36,785	37,227
Vehicle Operating	200,786	203,846	261,684	258,709	270,100	273,341	276,621	279,941	283,300
Capital Outlay	-	-	-	-	-	-	-	-	-
Transfer Out	422,597	513,572	534,508	449,614	444,358	512,389	512,389	512,389	512,389
Total	1,944,446	2,125,987	2,286,041	2,298,670	2,423,691	2,542,362	2,594,551	2,648,340	2,703,783
Ending Unreserved Cash Balance	1,258,357	1,304,044	1,260,405	1,206,155	1,052,849	786,548	473,748	112,863	(297,746)

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 trended up during the pandemic and golfing has not lost this popularity. 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

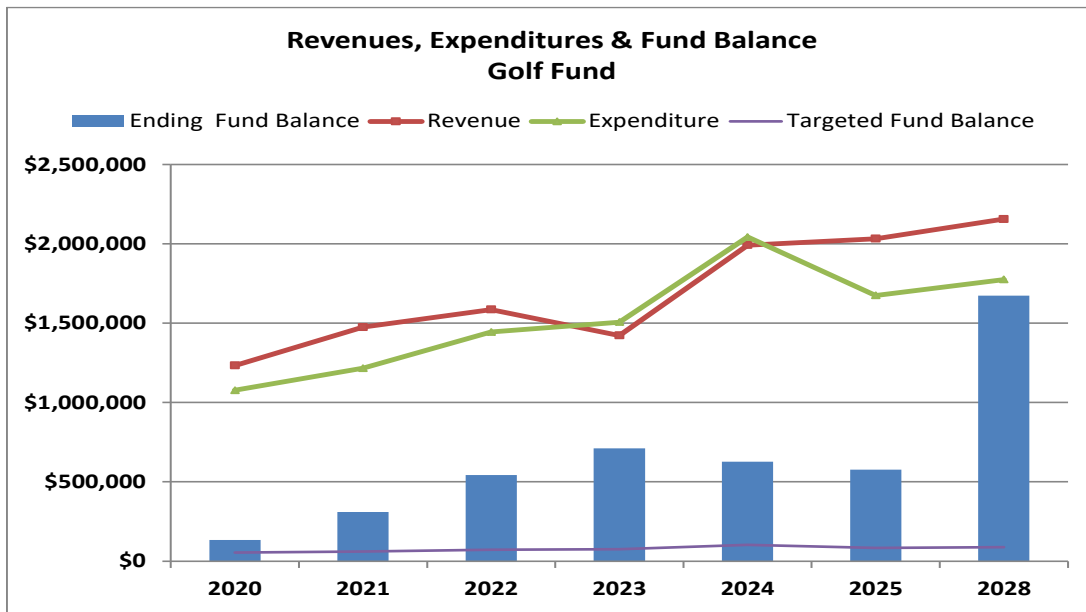
Personnel Services account for 40% of operational expenditures. Contractual Services account for 19% of operational expenditures and Commodities and Supplies at 22% of expenditures. In 2023, \$600,000 was transferred from the General Fund to the Golf Fund for payment of the Bond and Interest. Although, property taxes are intended to pay these costs, the construction of homes on the Golf Course 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

FINANCIAL PLAN 2023-2028									
Sand Creek Station									
	ACTUAL			Budget		Projected			
	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning Unreserved Cash Balance	134,356	309,765	542,185	711,138	627,395	576,964	934,263	1,299,461	1,672,730
Golf Course Revenue	1,232,734	1,474,653	1,585,673	1,422,356	1,992,076	2,031,918	2,072,556	2,114,007	2,156,287
Total	1,232,734	1,474,653	1,585,673	1,422,356	1,992,076	2,031,918	2,072,556	2,114,007	2,156,287
Golf Operations									
Personal Services	574,519	614,642	667,506	768,625	821,720	838,154	854,917	872,016	889,456
Contractual Services	265,587	299,128	332,951	413,121	379,866	387,121	394,515	402,051	409,730
Commodities & Supplies	231,380	297,162	350,323	201,553	440,921	449,343	457,925	466,671	475,585
Vehicle Operating	-	-	-	-	-	-	-	-	-
Capital Outlay	5,917	5,489	93,411	122,800	400,000	-	-	-	-
Transfer Out	-	-	-	-	-	-	-	-	-
Total	1,077,403	1,216,421	1,444,191	1,506,099	2,042,507	1,674,618	1,707,358	1,740,738	1,774,771
Ending Unreserved Cash Balance	309,765	542,185	711,138	627,395	576,964	934,263	1,299,461	1,672,730	2,054,246

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.

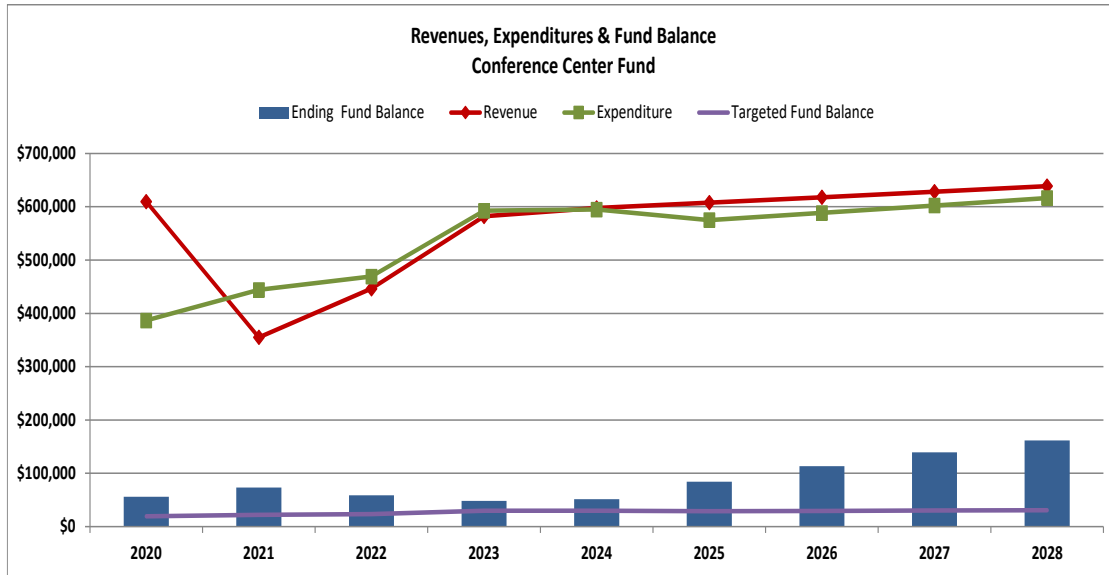
Meridian Center Fund Expenditure Analysis

Personnel Services account for 67% 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 2023-2028									
Meridian Center									
	ACTUAL		Budget		Projected				
	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning Unreserved Cash Balance	26,746	55,977	73,446	58,750	48,363	51,280	84,055	113,437	139,309
Meridian Center Revenue	459,525	154,977	296,302	482,147	497,735	507,690	517,843	528,200	538,764
Other Revenue	-	-	-	-	-	-	-	-	-
Transfer In	150,000	200,000	150,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	609,525	354,977	446,302	582,147	597,735	607,690	617,843	628,200	638,764
Meridian Center									
Personal Services	221,437	348,899	330,481	393,671	399,488	409,475	419,712	430,205	440,960
Contractual Services	134,795	53,363	63,975	120,787	84,120	85,802	87,518	89,269	91,054
Commodities & Supplies	30,494	41,903	74,584	78,076	108,710	79,638	81,230	82,855	84,512
Vehicle Operating	-	-	-	-	2,500	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Transfer Out	-	-	-	-	-	-	-	-	-
Total	386,726	444,165	469,040	592,534	594,818	574,915	588,461	602,329	616,526
Ending Unreserved Cash Balance	55,977	73,446	58,750	48,363	51,280	84,055	113,437	139,309	161,547