

2025 Proposed Budget

June 25, 2024



Budget History

- For many years until 2022, the City Commission believed it was politically important to keep the City's portion of the mill levy flat, "holding the line."
- Although not sustainable for the longer term, this was made possible through strategic choices and changes recommended by staff and approved and implemented by the Commission.
- The budget remained balanced through various cost-saving measures and opportunities, including ARPA funding, deferred maintenance, personnel savings and through the use of technology.
- Historically low County valuations have not kept pace with inflation.

Mill Levy History

Fiscal Year	General	B & I	Airport	Library	Spec Liab	TOTAL
2024	56.583	9.109	0.675	5.608	0.386	72.361
2023	53.711	10.049	0.670	5.570	0.383	70.383
2022	45.806	10.066	0.671	5.580	0.383	62.506
2021	42.828	13.071	0.671	5.773	0.192	62.535
2020	42.784	13.058	0.670	5.767	0.191	62.470
2019	48.467	7.312	0.605	5.934	0.191	62.509
2018	47.615	6.173	0.593	5.758	0.187	60.326
2017	45.622	4.833	0.698	5.809	0.159	57.121
2016	41.849	3.92	0.647	5.675	0	52.091
2015	43.739	1.873	0.647	5.708	0.129	52.096

Examples of Cost Savings - Debt Payoff

ARPA Funds: The City was fortunate to receive two rounds of ARPA funds from the federal government that were used to subsidize shortfalls in the General Fund in 2021 and 2022, in the amount of \$1.4 M each year.

Refinancing of existing debt: One of the “silver linings” of the pandemic is that interest rates were incredibly low, and the City was able to refinance several previous bond issues to much lower interest rates, without extending the terms of the debt or bonds, for a savings of approximately \$2.6 M.

Strategic planning: During the 2020 community survey, more than 85% of respondents prioritized paying down the City’s existing debt before incurring additional debt. While this is not always going to be possible, the Commission has made strategic choices and decisions allowing for this. Timing and future planning is incredibly important for funding of these much-needed and requested community amenities. For example:

Sand Creek Station Golf Course: These 20-year bonds pay off at the end of 2024. This is a cost of approximately \$600,000 per year. Beginning in 2025, that same amount of money will be allocated toward:

- New Newton Public Library
- Upgrades at Sand Creek Station

Examples of Cost Savings - Personnel

Personnel cost savings: We acknowledge and are proud of the fact that we are a service-based industry, with an organization focus on servant leadership. Our people are our #1 asset. We strive to care for them and provide competitive pay and benefits. We've offered an early retirement buy-out program for three years. This allows us to remain competitive while saving precious taxpayer resources and dollars.

- **Vacant positions and Retirements:** From retirees, resignations, etc., every vacant position was evaluated.
 - Non-essential positions were frozen for a period of 3-6 months before advertising for new hires.
 - New hires came in at a lower salary than those who retired and had been with us for many years, creating salary and benefit savings for the organization and the community.
 - Many positions were left vacant for years or were staffed on a part-time basis only for budget reasons.

- **Health Insurance:** Traditionally the City has budgeted for a 10-15% health insurance increase annually. This is not just in line, but lesser than the national average. Through shrewd negotiation and provider changes, the City has been able to keep that cost to an average of 5% annually, creating budget savings.

- **Travel and Training:** We acknowledge that having well-trained individuals is an incredibly important part of our organization; however, due to the pandemic, much non-essential travel and training was either canceled, delayed, or became virtual, helping us curtail travel and training costs.

Examples of Cost Savings - Technology

Software and Technology: The City has been investing in new and advanced technology to help defer the cost of additional manpower, and to help meet the needs and expectations of the community for services. Examples include:

- Upgraded financial management software (Incode 10 upgrades) that allow for online utility bill payment, online permitting and payments, code enforcement field work, etc.
- Upgrades to court system, code violation, and additional upgrades in proposed budget
- Continued implementation of automated meters

City Commission Vision Statement



A THRIVING
COMMUNITY



AN EXPANDED
TAX BASE



A CITY
ORGANIZATION
PROVIDING
TRUSTWORTHY
SERVICE

Strategic Goals



1. Increase the tax base & grow our community



2. Increase housing stock of all types & price points



3. Increase amenities to improve quality of life/place



4. Maintain & improve infrastructure

Business/Eco Devo – Growing Tax Base Accomplishments & Progress



- Amtrak Heartland Flyer extension in progress
- GAF Materials (new industry)
- Hillsboro Industries (expansion to Newton)
- Full Vision (existing industry expansion)
- Watco K&O Railroad (new industry)

Business/Eco Devo – Growing Tax Base Accomplishments & Progress



New local businesses:

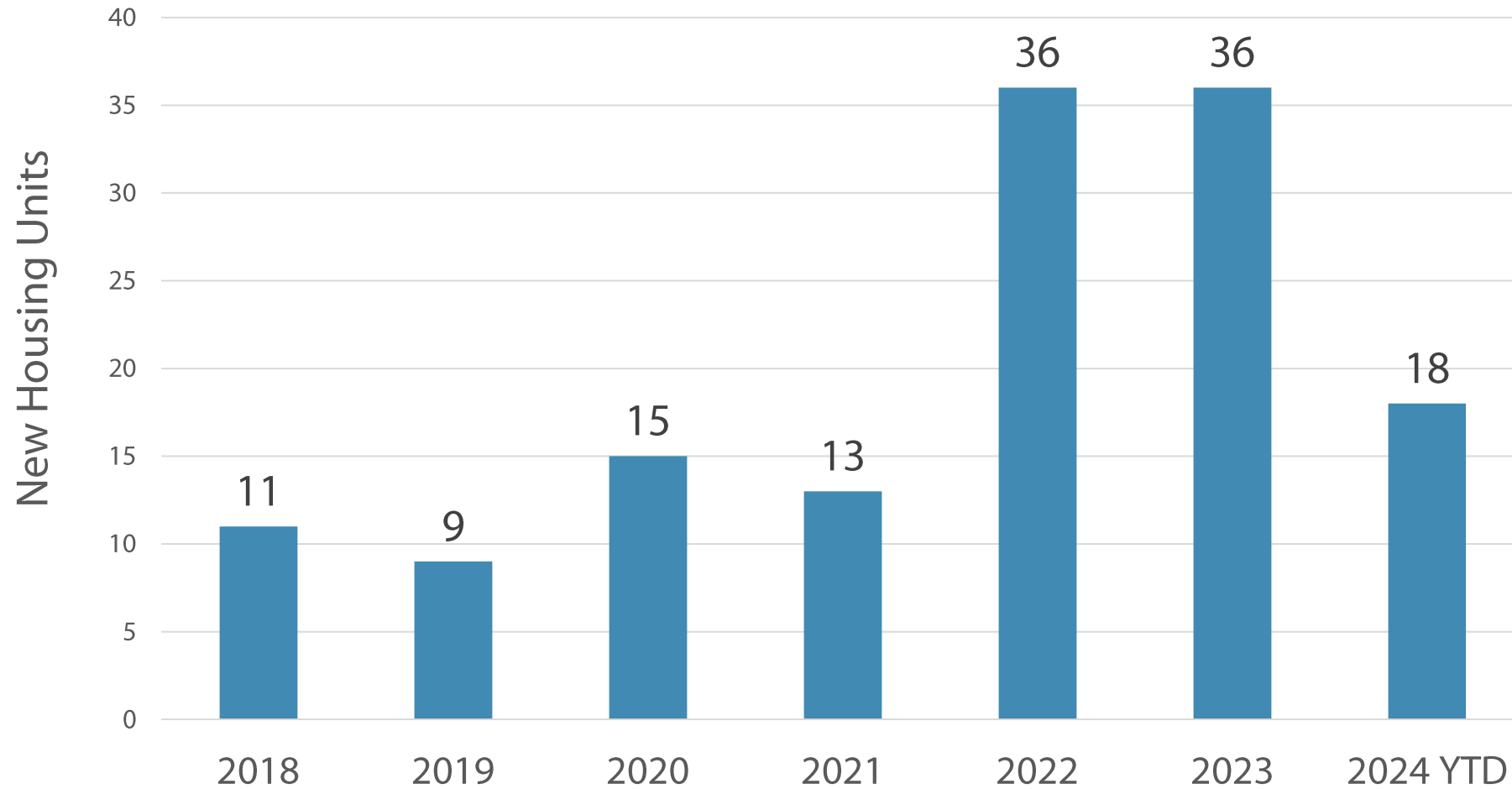
- Station 50
- Peaceful Remedy Spa
- Cup of Ambition
- Crystal Cave
- Salon Evolve
- RailTrust Mortgage
- Cadillac Jack's Steakhouse

National/regional brands:

- Peoples Bank
- Starbucks
- QuikTrip
- T-Mobile
- Ideatek

Housing Stock

Accomplishments & Progress



Housing Stock

Accomplishments & Progress



New single-family housing:

- Sand Creek Station Fourth Addition
- Autumn Glen Third Addition
- Summer Crossing
- Wheatridge
- Fox Ridge phase 1

Housing Stock

Accomplishments & Progress



New multi-family housing:

- Harvest Pointe phase 1, additional phases planned
- The Enclave duplex addition
- Fox Ridge phase 1 duplexes and apartments

Amenities & Quality of Life

Accomplishments & Progress



- New Newton Public Library
- Rhoades Wetland Park
- Ballfield improvements at Centennial Park
- Resurvey of Historic Downtown
- Turf replacement at Fischer Field
- Main Street Downtown Façade Improvement Grants
- Host of 2024 U.S. Adaptive Open

Infrastructure Accomplishments & Progress



- New First Street water tanks - first tank complete
- New 36th Street interchange planned by KDOT
- \$400,000 SAFE Streets for All (SS4A) grant
- Lead and Copper Rule inventory - on track for completion by October 2024
- New Park Maintenance facility
- New Police training building
- Other infrastructure improvements (water/sewer lines, street repairs, etc.)

Costs of new growth

- Growth mode is great because we're expanding our tax base, which leads to lower tax burdens in the long run, but we have to expend dollars upfront, and it takes time to catch up – i.e. "growing pains"
- From the costs of supplies and fuel increasing, the costs for our portion of public improvements is increasing
- As a service-based industry, as the projects increase, so does the need for personnel to manage the workload across all departments

Managing through challenges

Available Resources

- Property Taxes
- Sales Taxes
- Fees for Service
- One-time Funding (ARPA)

Resource Pressures

- Stabilizing Workforce
- Growth
- Inflation
- Meeting Service Expectations
- Making Newton a Community of Choice



Where Property Tax Dollars Go

For a \$100,000 house, the 2024 tax payment goes to:

**State of
Kansas**
0.8%
\$17.25

USD 373
34.9%
\$722.71

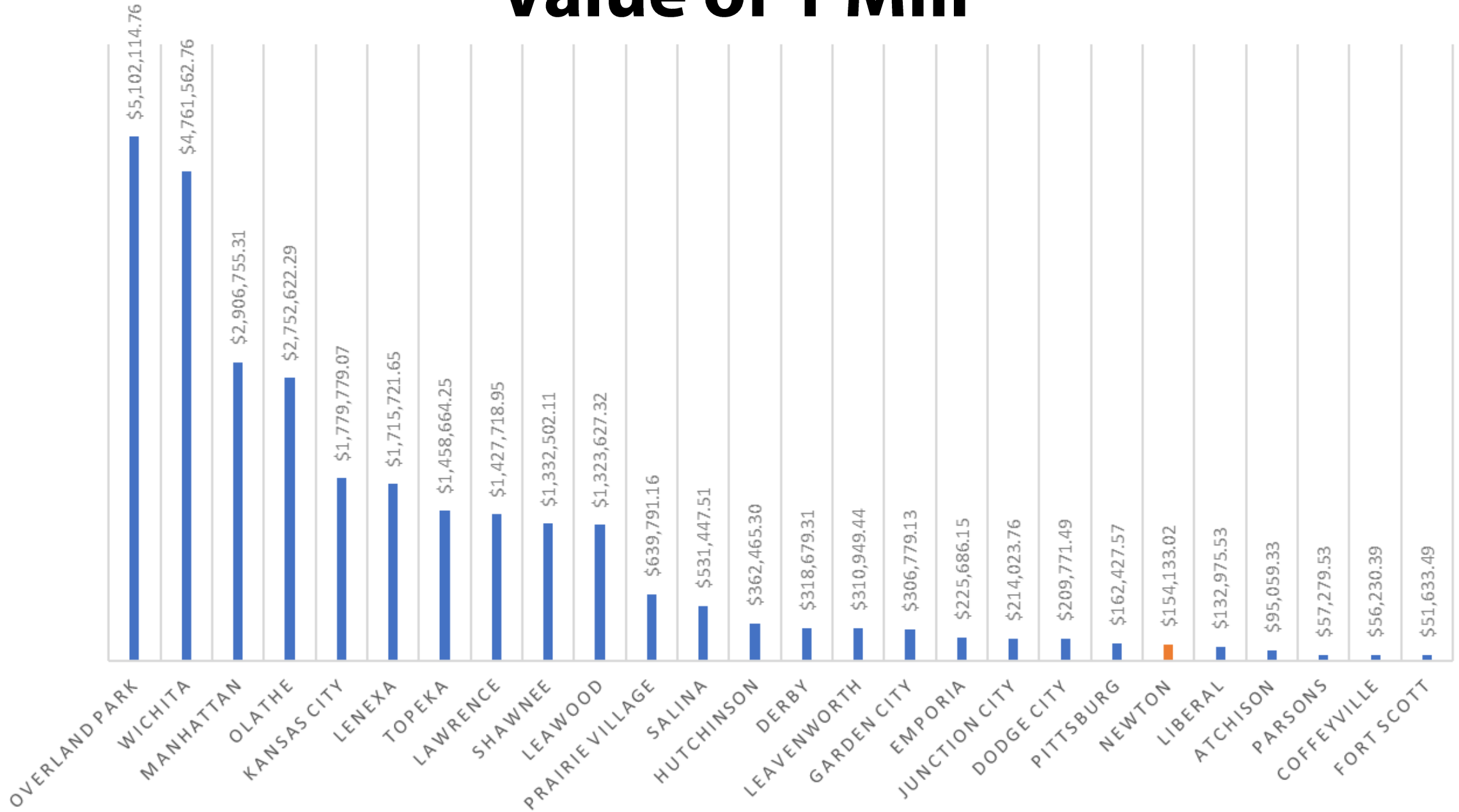
Harvey County
24.2%
\$501.45

City of Newton
40%
\$826.65

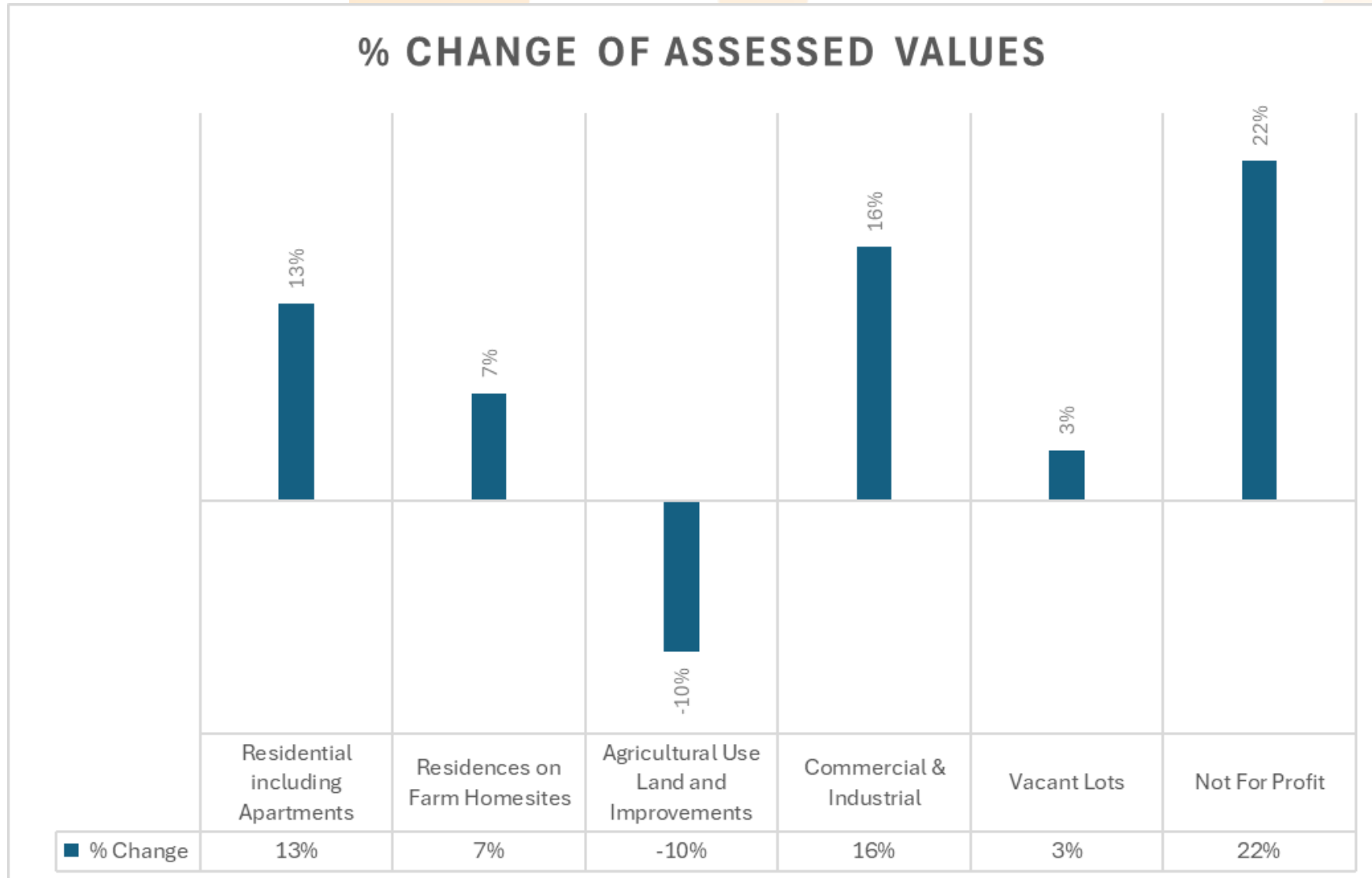


**2024 Property
Tax Bill:**
\$2,068.06

Value of 1 Mill



Assessed Value Increases



2024 Estimated Assessed Valuation

July 1, 2024 Estimated Assessed Valuation	\$	172,965,440
Minus TIF Valuation		(1,721,992)
		<hr/>
		171,243,448

Each Mill Equals \$ 171,243

This is a 12.7% increase over November 1, 2023, assessed valuation.
Each mill increased by \$19,362.

Revenue Neutral Rate

2024 MILL LEVY RATE

GENERAL	56.583
AIRPORT	.675
LIBRARY	5.608
SPECIAL LIAB.	.386
BOND & INT	<u>9.109</u>
	72.361

RNR MILL LEVY

GENERAL	48.707
AIRPORT	.675
LIBRARY	5.608
SPECIAL LIAB.	.386
BOND & INT	<u>9.109</u>
	64.485

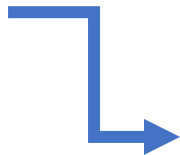
This is a loss of 7.876 mills or \$1,348,710

2024 Mill Levy and Proposed 2025 Mill Levy

	2024		2025
GENERAL	56.583	GENERAL	56.633
AIRPORT	.675	AIRPORT	.625
LIBRARY	5.608	LIBRARY	5.608
SPECIAL LIAB.	.386	SPECIAL LIABILITY	.386
BOND & INT	<u>9.109</u>	BOND & INT	<u>9.109</u>
	72.361		72.361

Financial Plan 2024 - 2029										
City Wide Property Tax Supported Funds										
	ACTUAL 2020	ACTUAL 2021	ACTUAL 2022	ACTUAL 2023	BUDGET 2024	PROPOSED 2025	PROJECTED 2026	PROJECTED 2027	PROJECTED 2028	PROJECTED 2029
Beginning Balance	4,938,284	4,845,440	5,936,359	5,500,061	6,009,518	6,317,544	5,571,319	4,871,013	4,183,171	3,753,346
OPERATING REVENUE										
Taxes										
Property Tax	7,731,733	8,001,712	7,973,298	9,538,594	10,794,061	12,153,136	12,447,116	12,953,875	13,543,542	14,185,693
Motor Vehicle Tax	996,135	1,043,589	991,467	1,012,480	1,083,133	1,152,924	1,177,592	1,202,953	1,228,939	1,255,550
Local Sales Tax	2,152,267	2,412,261	2,608,759	2,783,279	2,650,000	2,650,000	2,716,250	2,784,156	2,853,760	2,925,104
Local Sales Tax - Special	3,337,869	3,729,104	4,019,888	4,074,640	3,850,000	3,850,000	3,946,250	4,044,906	4,146,029	4,249,680
Franchise Fees	1,468,435	1,519,599	1,775,707	1,652,552	1,800,000	1,800,000	1,818,000	1,836,180	1,854,542	1,873,087
Other Taxes	81,418	84,239	88,598	93,042	92,512	99,769	84,757	83,015	83,871	84,304
Total Taxes	15,767,857	16,790,504	17,457,717	19,154,587	20,269,706	21,705,829	22,189,965	22,905,085	23,710,683	24,573,418
Intergovernmental Revenue	574,094	307,737	189,462	54,330	54,000	54,000	54,000	54,000	54,000	54,000
License & Permits	246,223	268,673	383,805	371,445	387,500	295,050	315,299	315,915	318,067	320,242
Charges for Services	1,710,623	1,820,274	2,017,788	2,499,985	1,979,127	2,131,000	2,160,510	2,128,205	2,147,587	2,167,163
Fines, Penalties & Forfeitures	345,461	395,900	300,652	317,532	350,000	350,000	350,000	350,000	350,000	350,000
Use of Money	200,885	4,039	401,572	1,285,683	700,000	600,000	615,000	630,375	646,134	662,288
Other Revenue	540,048	521,896	564,518	552,546	535,000	591,000	601,510	607,075	612,696	618,373
Sales & Rental	1,090,265	1,399,012	1,669,545	1,449,754	1,707,000	1,729,500	1,749,860	1,773,483	1,797,475	1,821,862
Charges & Other Revenues	6,390	6,931	8,850	25,260	8,500	18,500	11,573	11,413	11,427	11,426
Special Receipts	952,811	1,227,766	1,065,210	1,104,194	1,208,921	1,177,595	1,533,882	1,239,540	1,213,989	1,004,052
Transfer In	4,801,806	6,939,096	5,309,207	5,078,149	6,038,822	5,408,666	5,556,368	5,534,291	5,301,427	4,926,621
Total Operating Revenue	26,236,463	29,681,828	29,368,326	31,893,465	33,238,576	34,061,140	35,137,967	35,549,381	36,163,485	36,509,444
OPERATING EXPENDITURES										
Personal Services	12,927,888	13,408,115	14,305,549	15,074,563	16,764,113	18,089,778	18,666,792	19,131,950	19,612,745	20,109,813
<u>Contractual Services</u>										
Bond & Interest Payments	4,749,774	5,683,050	5,173,421	5,159,207	5,855,385	5,891,768	6,974,455	6,820,042	6,633,767	6,202,452
Other Contractual Services	2,793,301	2,987,207	3,062,660	3,646,190	3,560,188	3,965,034	3,786,808	3,829,763	3,857,905	3,893,249
Total Contractual Services	7,543,075	8,670,257	8,236,081	8,805,397	9,374,073	9,856,802	10,761,263	10,649,805	10,491,672	10,095,701
Commodities & Supplies	978,593	1,302,955	1,604,169	1,394,301	1,728,840	1,736,689	1,692,419	1,715,265	1,728,454	1,746,993
Vehicle Operating	421,783	524,163	684,690	613,902	664,725	685,025	633,971	619,657	590,358	591,074
Capital Outlays	92,758	73,618	236,796	323,664	78,000	292,200	68,000	66,000	66,000	66,000
Transfer Out	4,419,207	4,285,408	4,316,060	4,811,484	4,227,331	4,146,871	4,015,828	4,054,546	4,104,081	4,144,407
Total Operating Expenditures	26,383,304	28,264,516	29,383,345	31,023,311	32,837,082	34,807,365	35,838,273	36,237,222	36,593,310	36,753,989
Ending Balance	4,845,440	5,936,359	5,500,061	6,009,518	6,317,544	5,571,319	4,871,013	4,183,171	3,753,346	3,508,802
City Assessed Valuation	125,194,134	128,185,872	129,732,955	138,964,581	151,880,818	171,243,448	177,011,922	184,411,556	193,057,492	202,504,820
Mill Levy	62.470	62.535	62.506	70.383	72.361	72.361	72.361	72.361	72.361	72.361
GENERAL FUND	43.355	42.828	45.806	53.711	56.583	56.633	56.633	56.633	56.633	56.633
AIRPORT FUND	0.670	0.671	0.671	0.670	0.675	0.625	0.625	0.625	0.625	0.625
LIBRARY FUND	5.195	5.773	5.580	5.570	5.608	5.608	5.608	5.608	5.608	5.608
SPECIAL LIABILITY FUND	0.192	0.192	0.383	0.383	0.386	0.386	0.386	0.386	0.386	0.386
BOND & INTEREST FUND	13.058	13.071	10.066	10.049	9.109	9.109	9.109	9.109	9.109	9.109

All funds supported by mill levy



Financial Plan 2024 - 2029								
General Fund								
	ACTUAL 2022	ACTUAL 2023	BUDGET 2024	PROPOSED 2025	PROJECTED 2026	PROJECTED 2027	PROJECTED 2028	PROJECTED 2029
Beginning Balance	4,438,607	3,412,051	3,813,401	4,495,240	3,811,504	3,058,223	2,279,109	1,636,342
OPERATING REVENUE								
Taxes								
Property Tax	5,840,986	7,273,633	8,443,539	9,507,065	9,126,010	9,446,105	9,803,879	10,189,615
Motor Vehicle Tax	679,344	740,219	826,585	901,534	924,072	947,174	970,854	995,125
Local Sales Tax	2,608,759	2,783,279	2,650,000	2,650,000	2,716,250	2,784,156	2,853,760	2,925,104
Local Sales Tax - Special	4,019,888	4,074,640	3,850,000	3,850,000	3,946,250	4,044,906	4,146,029	4,249,680
Franchise Fees	1,775,707	1,652,552	1,800,000	1,800,000	1,818,000	1,836,180	1,854,542	1,873,087
Other Taxes	75,092	80,311	81,578	88,340	73,426	71,561	72,313	72,641
Total Taxes	14,999,776	16,604,634	17,651,702	18,796,939	18,604,008	19,130,082	19,701,377	20,305,252
Intergovernmental Revenue	62,434	54,330	54,000	54,000	54,000	54,000	54,000	54,000
License & Permits	383,805	371,445	387,500	295,050	340,549	341,417	343,825	346,256
Charges for Services	2,017,788	2,499,985	1,979,127	2,131,000	2,212,020	2,129,225	2,148,617	2,168,204
Fines, Penalties & Forfeitures	300,652	317,532	350,000	350,000	350,000	350,000	350,000	350,000
Use of Money	401,572	1,285,683	700,000	600,000	615,000	630,375	646,134	662,288
Other Revenue	564,518	552,546	535,000	591,000	601,510	607,075	612,696	618,373
Transfer In	2,355,270	2,106,404	3,130,774	2,493,703	2,526,947	2,545,996	2,565,521	2,585,534
Total Operating Revenue	21,085,815	23,792,559	24,788,103	25,311,692	25,304,034	25,788,170	26,422,170	27,089,907
OPERATING EXPENDITURES								
Personal Services	13,765,120	14,438,846	16,056,010	17,326,308	17,912,147	18,352,816	18,808,209	19,278,926
Contractual Services	2,802,976	3,340,988	3,208,374	3,626,716	3,489,216	3,528,031	3,551,955	3,583,000
Commodities & Supplies	859,874	808,309	990,040	1,003,130	931,415	939,846	938,345	941,913
Vehicle Operating	655,845	586,243	643,925	665,025	613,588	598,882	569,184	569,494
Capital Outlays	236,796	323,664	78,000	292,200	68,000	66,000	66,000	66,000
Transfer Out	3,322,964	3,799,691	3,147,310	3,082,049	3,042,949	3,081,709	3,131,244	3,171,570
Total Operating Expenditures	21,643,575	23,297,741	24,123,659	25,995,428	26,057,315	26,567,284	27,064,937	27,610,903
Ending Balance	3,412,051	3,813,401	4,495,240	3,811,504	3,058,223	2,279,109	1,636,342	1,115,346
PERCENTAGE OF EXPENDITURES			19%	15%	12%	9%	6%	4%
15% PER RESERVE POLICY			3,618,549	3,899,314	3,908,597	3,985,093	4,059,741	4,141,635
City Assessed Valuation	129,732,955	138,964,581	151,880,818	171,243,448	177,011,922	184,411,556	193,057,492	202,504,820
Mill Levy	45.806	53.711	56.583	56.633	56.633	56.633	56.633	56.633

GENERAL FUND SUMMARY BY DEPARTMENT					
	2022	2023	2024	2024	2025
	ACTUAL	ACTUAL	ADOPTED	ESTIMATED	PROPOSED
Beginning Balance	4,438,607	3,412,051	3,830,797	3,830,797	4,995,240
AdValorem Tax	5,840,986	7,273,633	8,443,539	8,443,539	9,507,065
Motor Vehicle Taxes	708,845	774,079	863,282	863,282	942,334
Sales Tax	6,628,647	6,857,919	6,200,000	6,500,000	6,500,000
Franchise Tax/Other	1,821,298	1,699,003	1,844,881	1,844,881	1,847,540
Intergovernmental	62,434	54,330	54,000	54,000	54,000
Licenses & Permits	383,805	371,445	387,500	387,500	295,050
Charges for Services	2,017,788	2,499,985	1,979,127	1,979,127	2,131,000
Fines, For., & Penalties	300,652	317,532	350,000	350,000	350,000
Use of Money	401,572	1,285,683	400,000	1,200,000	600,000
Other Revenue	564,518	552,546	535,000	535,000	591,000
Transfer In	2,355,270	1,306,404	2,425,774	2,425,774	2,493,703
ARPA Lost Revenue	-	800,000	675,000	705,000	-
Revenue	21,085,815	23,792,559	24,158,103	25,288,103	25,311,692
Expenditures					
Community Development/HP	393,785	324,502	165,540	-	-
Fire/EMS	5,816,211	6,314,630	6,851,079	6,851,079	7,399,954
Police	5,131,492	5,318,158	5,745,259	5,745,259	6,171,440
Engineering/Planning	494,714	543,759	633,376	633,376	661,752
Information Technology	689,569	773,077	764,371	764,371	944,584
Street	2,538,714	2,516,146	2,858,055	2,858,055	2,920,586
Parks	1,113,818	1,564,594	1,448,555	1,448,555	1,644,187
Cemetery	262,418	233,327	328,072	328,072	385,350
Admin/HR	742,721	735,141	993,108	1,158,648	1,225,047
Law/Municipal Court	612,193	622,114	688,491	688,491	743,313
Building Maintenance	270,485	352,034	291,779	291,779	350,822
Finance	194,490	188,165	208,665	208,665	193,426
Transfers	3,322,964	3,799,692	3,147,310	3,147,310	3,082,049
Total Expenditures	21,583,574	23,285,339	24,123,660	24,123,660	25,722,510
Sub-Total Net Revenue	(497,759)	507,220	34,443	1,164,443	(410,818)
Ending Balance	3,472,051	3,830,797	3,865,240	4,995,240	4,584,422
Balance as % of Expenditures	16%	16%	16%	21%	18%
Additions:					
3% Wage Increase per Compensation Study	-	-	-	-	477,855
External Agencies	60,000	-	-	-	-
New Positions	-	-	-	-	272,918
Total Expenditures	21,643,574	23,285,339	24,123,660	24,123,660	26,473,283
Final Net Revenue	(557,759)	507,220	34,443	1,164,443	(1,161,591)
Ending Balance	3,412,051	3,830,797	3,865,240	4,995,240	3,833,649
Balance as % of Expenditures	16%	16%	16%	21%	14%
<i>(Reserve Policy is 15% of Expenditures)</i>					

General Fund Increases - 2025

Wages - Straight time, Overtime, Seasonal	805,863
FICA/Medicare, KPERS/KP&F, Unempl. Tax	287,350
Health Insurance	289,239
3% Wage Increase per Study	447,855
Property Insurance	24,668
Increase transfer of Sales Tax to Eco Devo	-
Equipment Reserve	270,752
IT Equipment/Software	119,628
Vehicle Fuel/Maintenance Increases	21,100
Capital Outlay	216,000
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	2,482,455

Capital Outlay:	
Park	120,000
Cemetery	76,000
Admin	15,000
Fire	5,000
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	216,000

IT Software/Equipment:	
Fire	23,460
Engineering	23,606
IT-Cyber Software	46,668
Park	2,716
Admin	4,477
Tyler SaaS	18,701
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	119,628

Equipment Reserve:	
Fire	50,000
Police	30,000
Engineering	3,000
Park	4,247
PER	75,000
Bldg. Maintenance	8,505
Golf Course	100,000
	<hr/>
	270,752

General Fund Takeaways

- The summary includes the full increase in Assessed Valuation
- Ending balance keeps a reserve near 15%
- Includes the new positions that are part of our succession planning
- Sees increases in use of money and sales tax
- Accounts for being the first year in 3 years to have no ARPA funding

Upcoming Priority Projects

- South Spencer Road improvements
- SS4A planning process
- Second water storage tank
- Retail and commercial recruitment
- Older housing rehabilitation efforts
- Continued new housing construction
- Implement marketing plan
- Comprehensive classification, salary and benefit study
- Railroad Mainline Phase 1
- Hillside Paving

Commission Decisions & Next Steps



City Commission Decisions Needed

- Consensus to exceed Revenue Neutral Rate on July 9th.
- What additional information would you like to see?

Proposed 2025 Budget Timeline

July 9 – Set intent to exceed RNR

July 20 or before – Notice to County Clerk

July 23 or Aug. 13 – Set not-to-exceed budget for publication

Aug. 27 – Hold RNR & budget public hearings

Approve resolution to exceed RNR

Adopt 2025 budget