

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

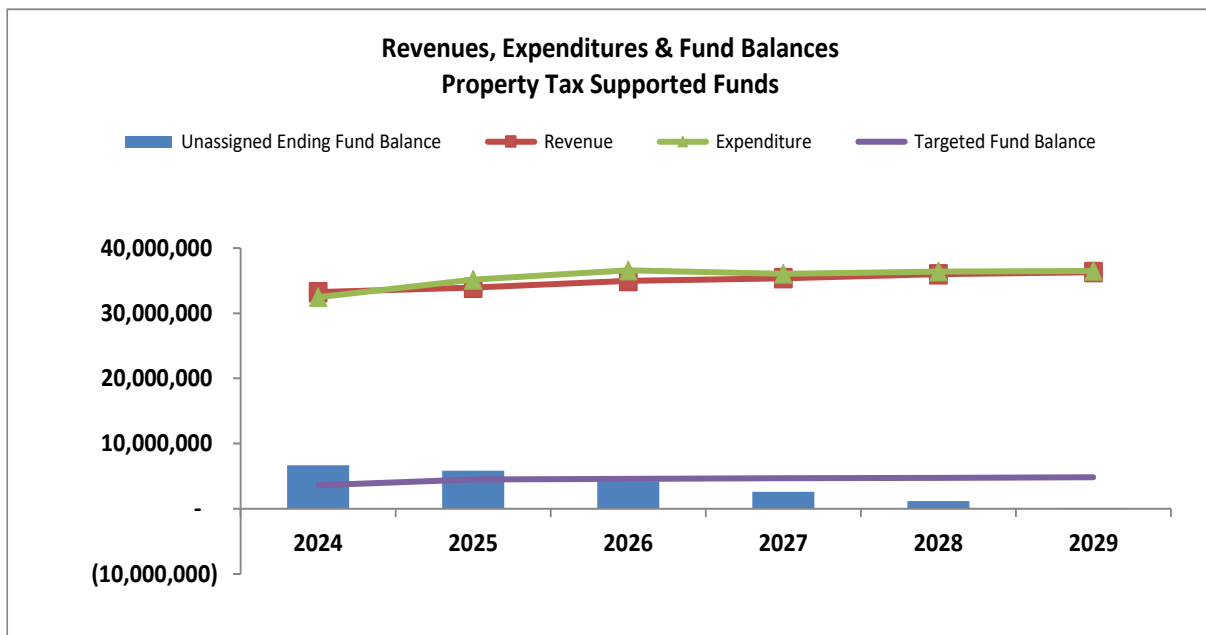
A number of funds in the financial plan are projected to decrease their fund balances below the minimum requirements. The revenues and expenditure assumptions do not take into account actions that the City Commission will take to ensure that this does not occur during any operating budget year.

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 2024 - 2029								
City Wide Property Tax Supported Funds								
	ACTUAL 2022	ACTUAL 2023	BUDGET 2024	PROPOSED 2025	PROJECTED 2026	PROJECTED 2027	PROJECTED 2028	PROJECTED 2029
Beginning Balance	5,936,359	5,500,061	6,009,518	6,686,028	5,832,199	4,219,322	2,604,876	1,214,897
OPERATING REVENUE								
<u>Taxes</u>								
Property Tax	7,973,298	9,538,594	10,794,061	11,987,038	12,275,415	12,774,996	13,356,277	13,989,263
Motor Vehicle Tax	991,467	1,012,480	1,083,133	1,152,912	1,177,592	1,202,952	1,228,938	1,255,549
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	88,598	93,042	92,512	99,769	84,757	83,015	83,871	84,304
Total Taxes	17,457,717	19,154,587	20,269,706	21,539,719	22,018,264	22,726,205	23,523,416	24,376,987
Intergovernmental Revenue	189,462	54,330	54,000	54,000	54,000	54,000	54,000	54,000
License & Permits	383,805	371,445	387,500	295,050	315,299	315,915	318,067	320,242
Charges for Services	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	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
Sales & Rental	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	8,850	25,260	8,500	18,500	11,573	11,413	11,427	11,426
Special Receipts	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	5,309,207	5,078,149	6,038,822	5,442,909	5,556,368	5,534,291	5,301,427	4,926,621
Total Operating Revenue	29,368,326	31,893,465	33,238,576	33,929,273	34,966,265	35,370,500	35,976,218	36,313,014
OPERATING EXPENDITURES								
Personal Services	14,305,549	15,074,563	16,764,113	18,537,633	19,137,039	19,625,710	20,131,193	20,654,184
<u>Contractual Services</u>								
Bond & Interest Payments	5,173,421	5,159,207	5,486,901	5,891,768	6,974,455	6,820,042	6,633,767	6,202,452
Other Contractual Services	3,062,660	3,646,190	3,560,188	3,814,674	3,848,018	3,890,973	3,919,115	3,954,459
Total Contractual Services	8,236,081	8,805,397	9,005,589	9,706,442	10,822,473	10,693,893	10,535,760	10,139,789
Commodities & Supplies	1,604,169	1,394,301	1,728,840	1,760,589	1,718,775	1,742,086	1,755,750	1,774,772
Vehicle Operating	684,690	613,902	664,725	685,025	658,971	644,657	615,358	616,074
Capital Outlays	236,796	323,664	78,000	292,200	68,000	66,000	66,000	66,000
Transfer Out	4,316,060	4,811,484	4,227,331	4,179,913	4,173,883	4,212,601	4,262,136	4,302,462
Total Operating Expenditures	29,383,345	31,023,311	32,468,598	35,161,802	36,579,142	36,984,947	37,366,197	37,553,281
Ending Balance	5,500,061	6,009,518	6,686,028	5,832,199	4,219,322	2,604,876	1,214,897	(25,371)
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	62.506	70.383	72.361	71.361	71.361	71.361	71.361	71.361
GENERAL FUND	45.806	53.711	56.583	55.755	55.755	55.755	55.755	55.755
AIRPORT FUND	0.671	0.670	0.675	0.625	0.625	0.625	0.625	0.625
LIBRARY FUND	5.580	5.570	5.608	5.521	5.521	5.521	5.521	5.521
SPECIAL LIABILITY FUND	0.383	0.383	0.386	0.351	0.351	0.351	0.351	0.351
BOND & INTEREST FUND	10.066	10.049	9.109	9.109	9.109	9.109	9.109	9.109



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.

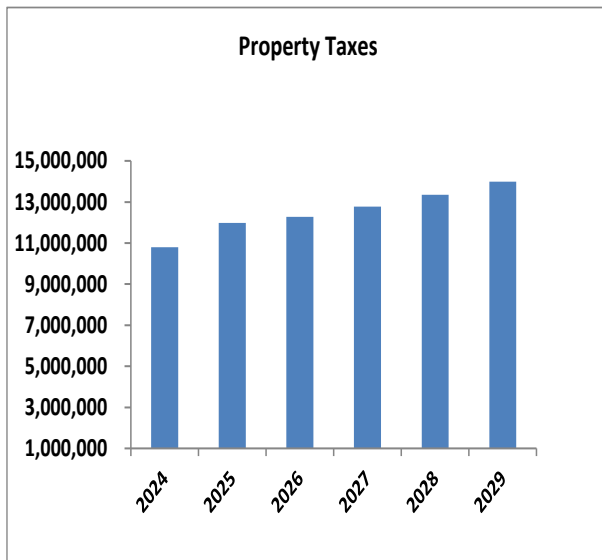
1. Property Tax
2. Transfer In
3. Original 1% Local Sales & Use Tax
4. Additional 1% Local Sales & Use Tax
5. Charges for Services
6. Sales & Rental
7. Franchise Tax
8. Special Receipts
9. Motor Vehicle Tax

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. 12.8% of property tax revenue is allocated for debt service and 7.7% is designated for funding the library operation budget.

The 2025 mill levy will be 71.361. The mill levy decreased 1 mill for the 2025 budget year. The mill levy had increase 1.5 mills for the 2024 budget year. 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

	2025 Budget	% of Total
Property Tax	11,987,038	35.3%
Transfer In	5,442,909	16.0%
Additional Local Sales Tax	3,850,000	11.3%
Original Local Sales Tax	2,650,000	7.8%
Charges for Services	2,131,000	6.3%
Sales & Rental Revenue	1,729,500	5.1%
Franchise Tax Revenue	1,800,000	5.3%
Special Receipts	1,177,595	3.5%
Motor Vehicle Tax	1,152,912	3.4%
Other Tax Revenue	99,769	0.3%
Fines, Penalties & Forfeiture	350,000	1.0%
Other Revenue	591,000	1.7%
License & Permits	295,050	0.9%
Intergovernmental Rev.	54,000	0.2%
Uses of Money	600,000	1.8%
Charges & Other Rev.	18,500	0.1%
Total	33,929,273	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 44.09%. 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	1.8277%
Halstead	5.1941%
Hesston	7.5618%
Newton	44.0919%
North Newton	3.6608%
Sedgwick	3.3159%
Walton	0.4537%
Harvey Unincorporated	33.8941%
	<u>100.00%</u>

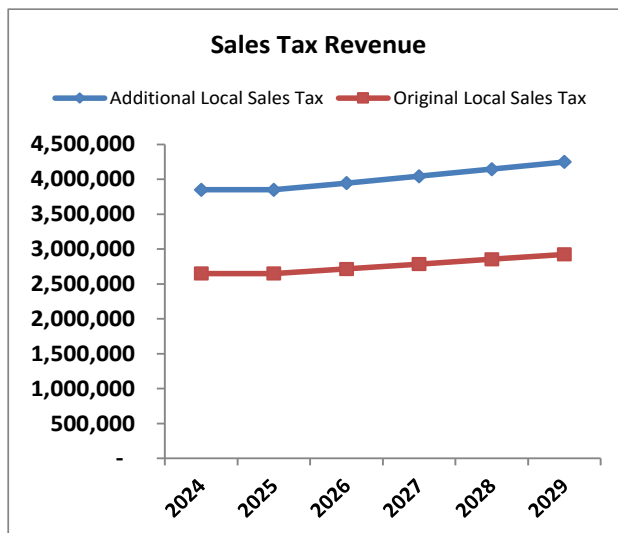
Additional 1% Local Sales & Use Tax

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 64.86% of sales tax collected in Harvey County in 2024.

City	Distribution of Additional 1% Sales Tax
Burrton	1.5782%
Halstead	4.4849%
Hesston	6.5294%
Newton	64.8563%
North Newton	3.1610%
Sedgwick	2.8632%
Walton	0.3918%
Harvey Unincorporated	16.1354%
	<u>100.00%</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:

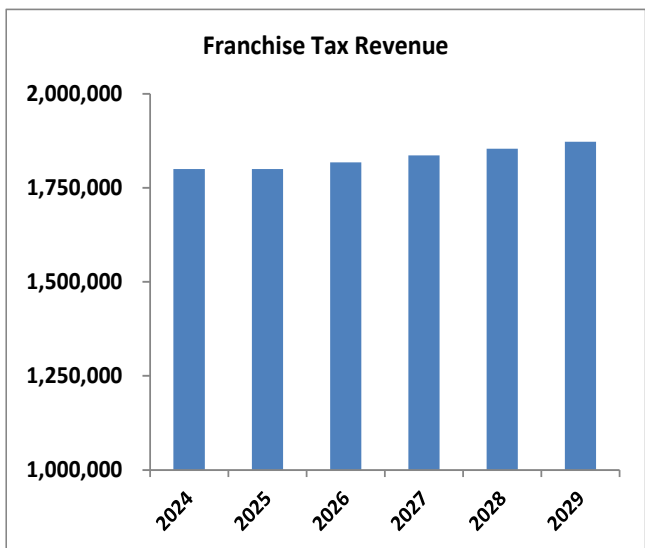
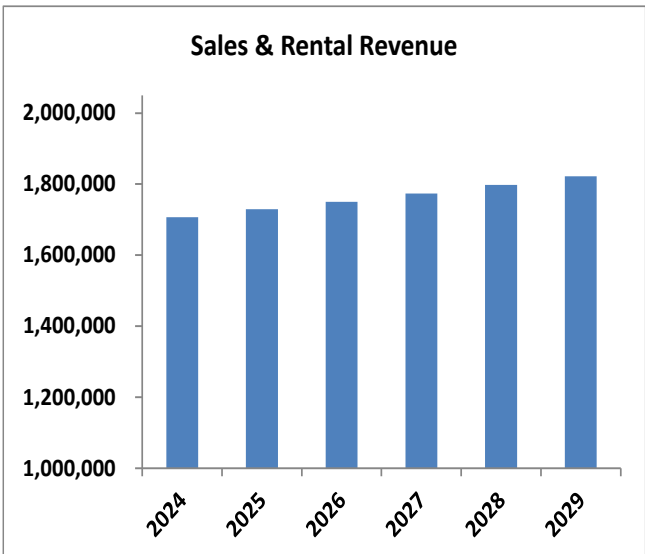
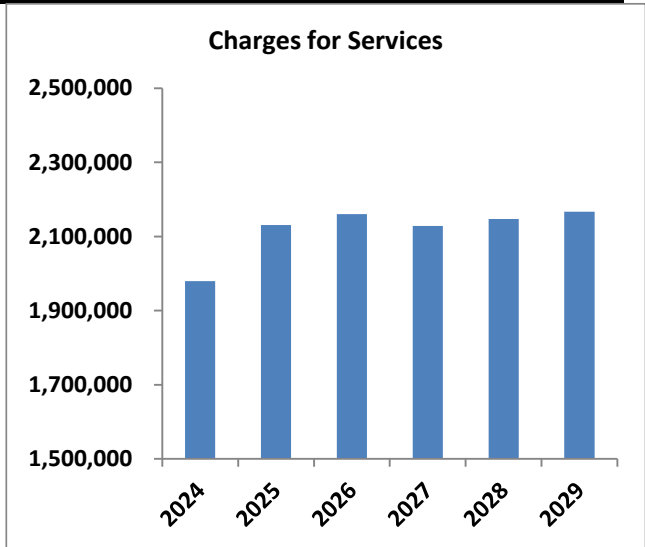
- Increase in volume and services offered

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.

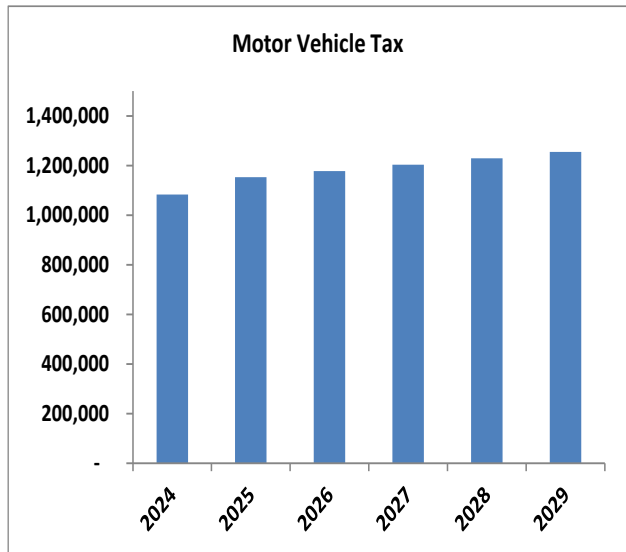
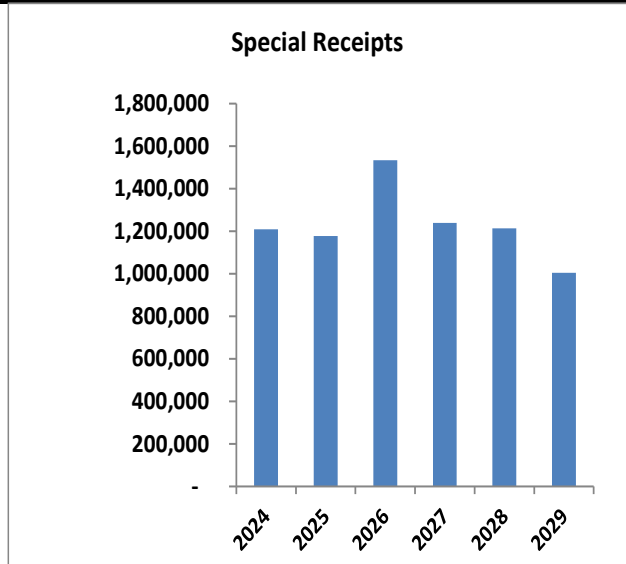
Motor Vehicle Tax

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 53% 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 75% of property tax-supported expenditures while the Debt Service Fund accounts for 17% of property tax supported expenditures.

Budgeted Expenditures Property Tax Supported Funds		
	2025 Budget	% of Total
Personal Services	18,537,633	53%
Contractual Services	9,706,442	28%
Commodities & Supplies	1,760,589	5%
Vehicle Operating	685,025	2%
Capital Outlay	292,200	1%
Transfer Out	4,179,913	12%
	35,161,802	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.

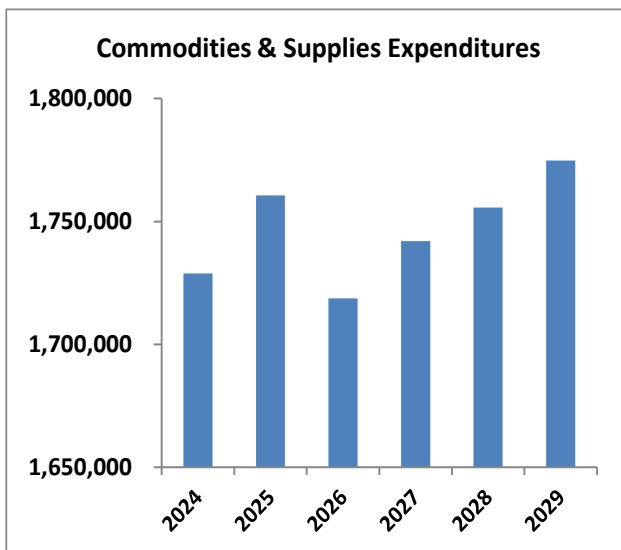
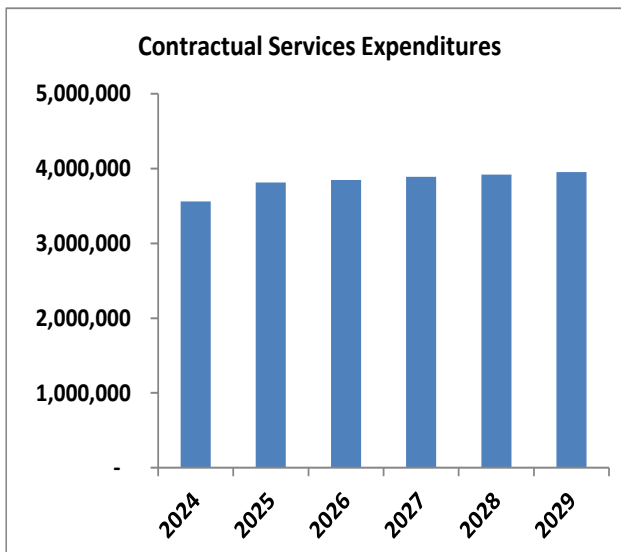
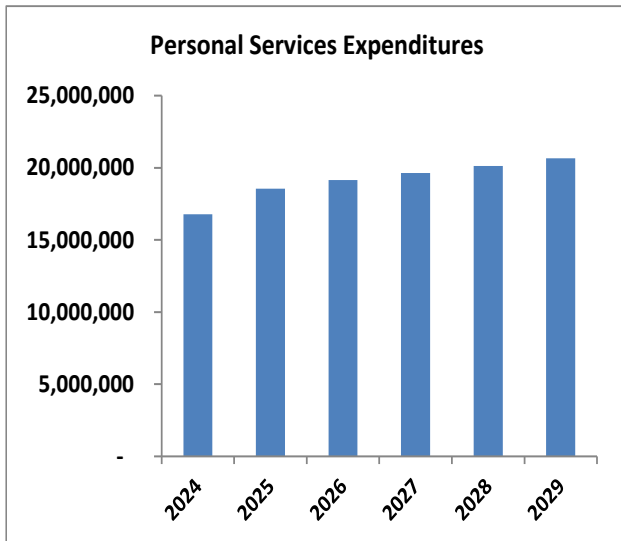
Contractual Services

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

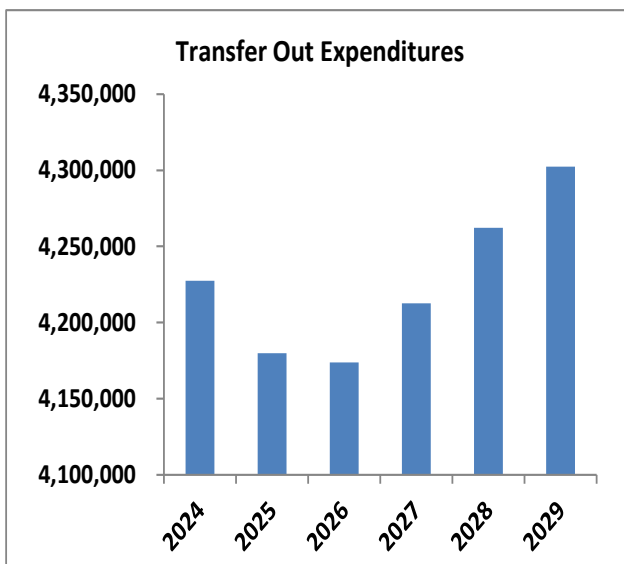
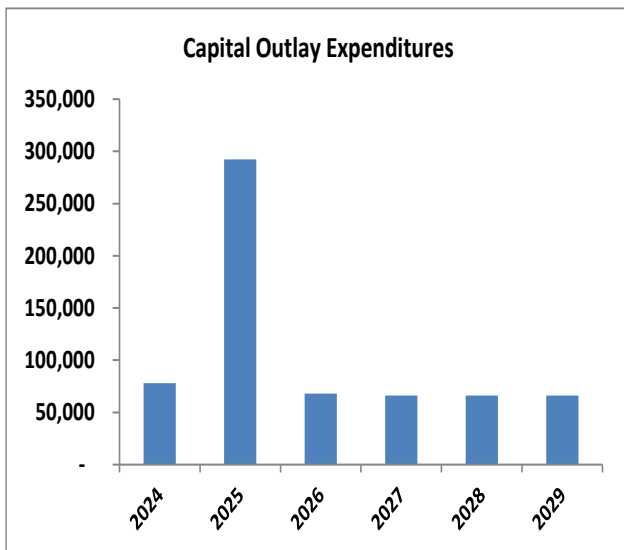
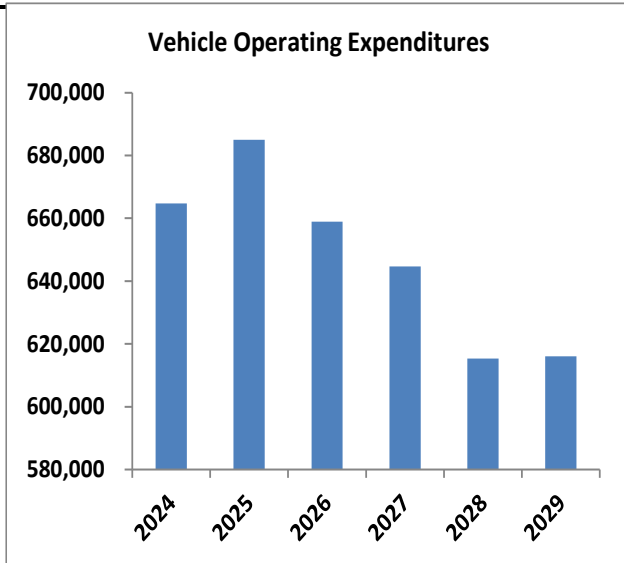
Capital outlay are expenses that add a fixed asset to the City. Purchases are normally considered a capital outlay if they benefit the City for more than one year. The City has an aggressive equipment reserve program. Most capital outlays are purchased through the equipment reserve programs. When an 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.

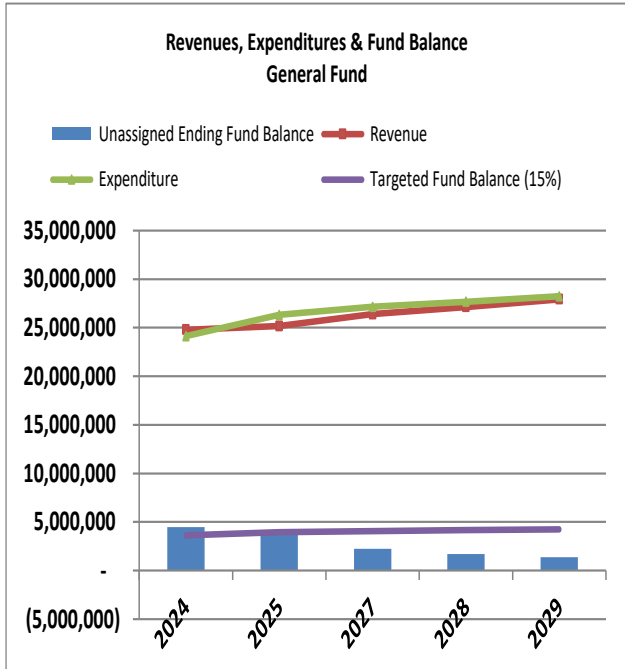


General Fund

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 a balance slightly above this amount, but the fund could quickly fall below the minimum balance requirement, a close eye needs to be kept on all policy decisions going forward.

Major fiscal challenges:

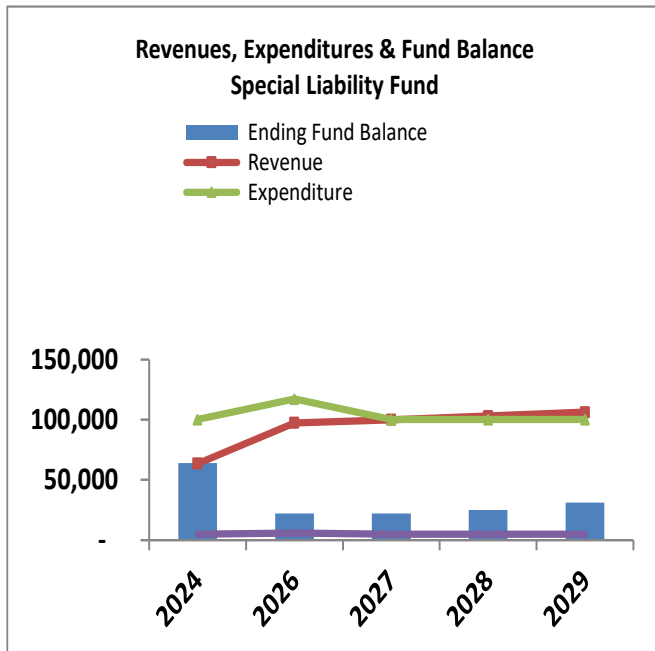
- Absorbing over the next several years the impact of economic conditions on various key revenues, such as property taxes and retail sales tax and investment income.
- Maintaining current services and/or service levels as the availability of funding diminishes due to the economic environment.



- 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:

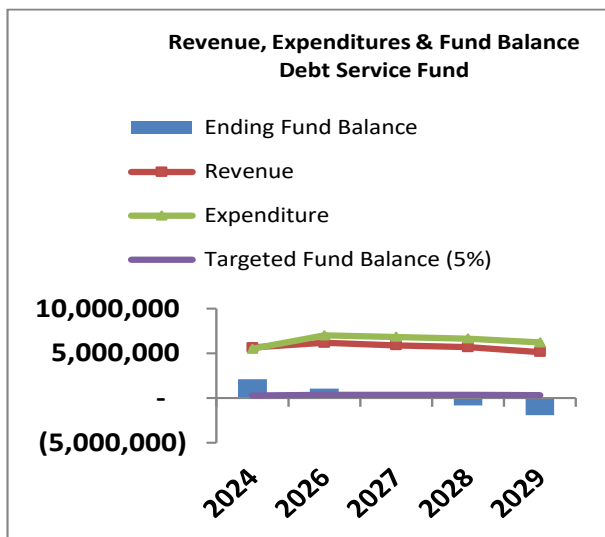
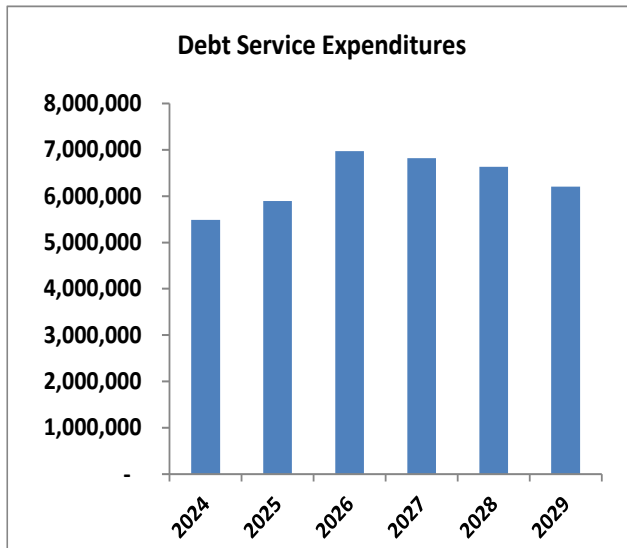
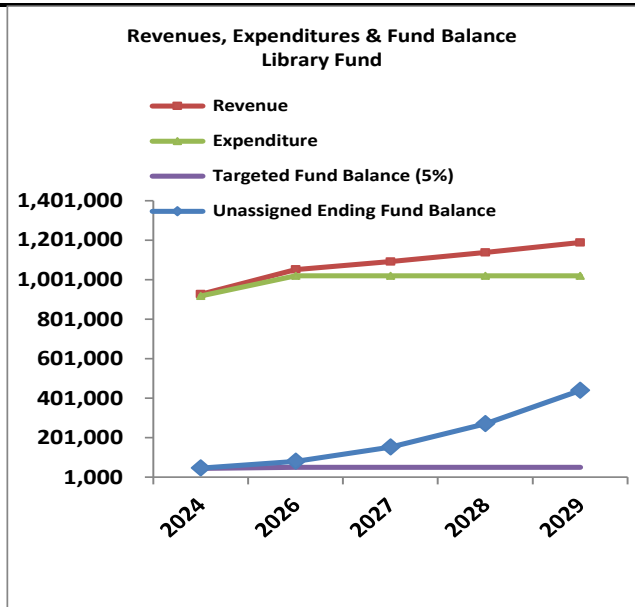
- The impact of the assessed valuation on property tax revenues.
- The library facility was replaced with a new building. The old facility was torn down and that area used for a parking lot. The cost of the new building was \$9.5 million, with the City financing \$4.5 million and the Library and private 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 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.

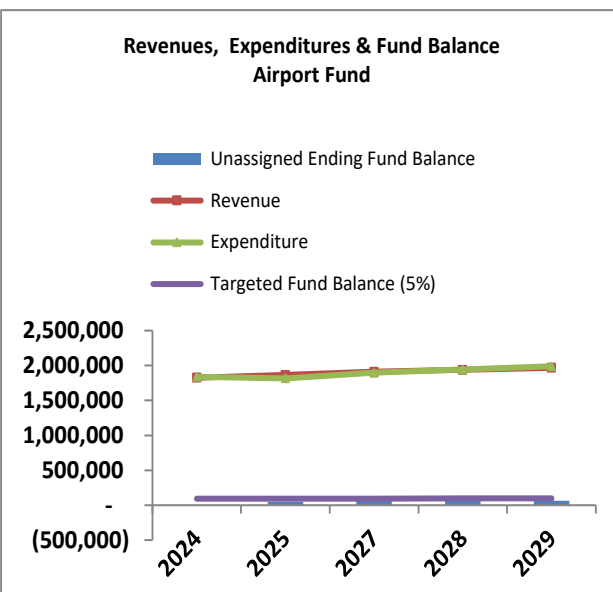
Airport Fund

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.
- 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 2024-2029						
Water Fund						
	Budget	Projected				
	2024	2025	2026	2027	2028	2029
Beginning Unreserved Cash Balance	1,809,734	1,313,216	875,996	851,248	1,305,657	1,994,073
Waterworks Revenue	5,565,101	5,863,894	6,420,964	7,030,956	7,382,503	7,751,628
Other Revenue	61,200	301,500	302,254	303,009	303,767	304,526
Total	5,626,301	6,165,394	6,723,218	7,333,965	7,686,270	8,056,155
Waterworks Admin/Billing						
Personal Services	1,518,487	1,586,296	1,633,885	1,682,901	1,733,388	1,785,390
Contractual Services	389,673	393,374	400,887	408,544	416,348	424,300
Commodities & Supplies	33,807	24,146	24,607	25,077	25,556	26,044
Vehicle Operating	12,500	12,500	12,739	12,982	13,230	13,483
Capital Outlay	-	-	-	-	-	-
Transfer Out	1,899,175	1,868,755	1,950,978	1,967,346	1,967,346	2,272,758
Total	3,853,642	3,885,071	4,023,096	4,096,851	4,155,868	4,521,975
Waterworks Distribution/Transmission						
Personal Services	612,860	679,290	699,669	720,659	742,279	764,547
Contractual Services	576,450	863,950	880,451	897,268	914,406	931,871
Commodities & Supplies	17,333	16,744	17,064	17,390	17,722	18,060
Vehicle Operating	52,000	52,000	52,993	54,005	55,037	56,088
Capital Outlay	20,000	20,000	-	-	-	-
Transfer Out	146,663	181,125	180,000	180,000	180,000	180,000
Total	1,425,306	1,813,109	1,830,177	1,869,322	1,909,443	1,950,566
Waterworks Production						
Personal Services	299,828	334,709	344,750	355,093	365,746	376,718
Contractual Services	277,550	278,550	283,870	289,292	294,818	300,449
Commodities & Supplies	130,600	132,308	134,835	137,410	140,035	142,710
Vehicle Operating	18,000	18,000	18,344	18,694	19,051	19,415
Capital Outlay	10,000	10,000	-	-	-	-
Transfer Out	107,893	130,867	112,893	112,893	112,893	112,893
Total	843,871	904,434	894,692	913,383	932,542	952,184
Total Expenditure	6,122,819	6,602,614	6,747,966	6,879,556	6,997,854	7,424,726
Ending Unreserved Cash Balance	1,313,216	875,996	851,248	1,305,657	1,994,073	2,625,502



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. The 2025 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:

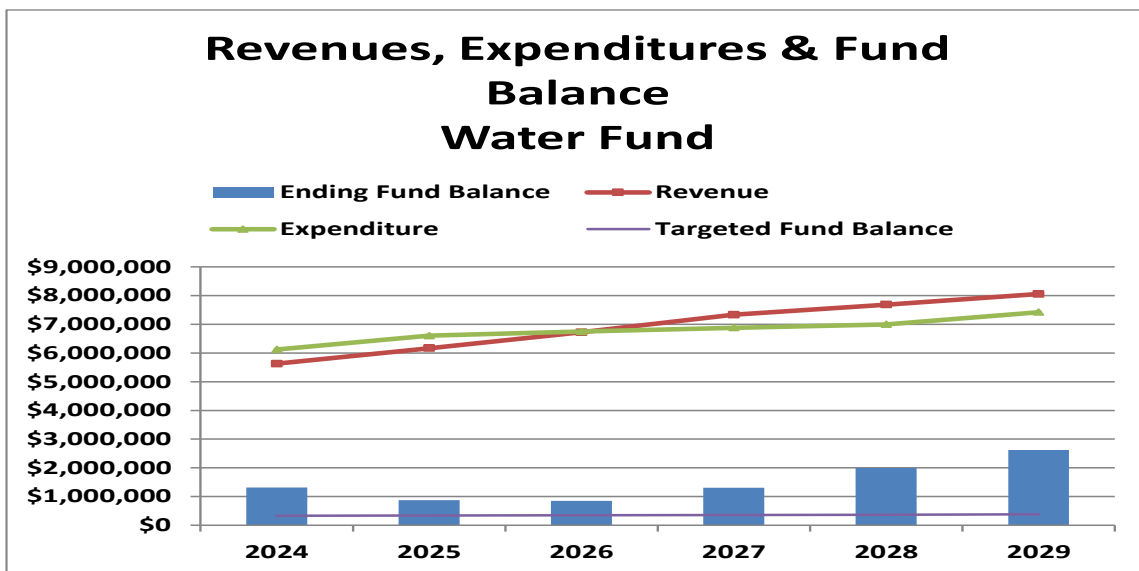
- Maintaining required debt coverage while keeping services affordable to citizens
- Keeping up with the rising costs of operational commodities and supplies
- Compliance with increased unfunded State mandates on water quality and water treatment
- Maintaining and upgrading dilapidated infrastructure

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 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 33% and include transfers to the Water Bond & Interest Fund for debt service, transfer for equipment replacement and transfers to the General Fund.

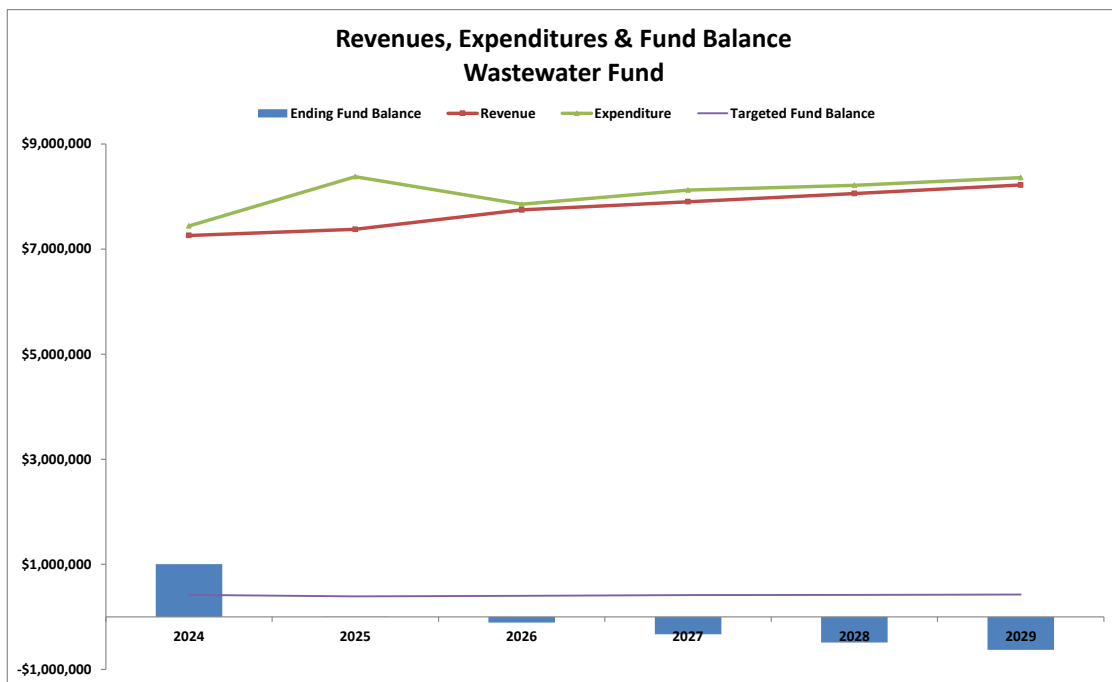


WASTEWATER FUND

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 2024 and 2025 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. The budget includes items that we consider a contingency only, but need to be included due to the budget laws of Kansas.

Major fiscal challenges:

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



Wastewater Fund Revenue Analysis

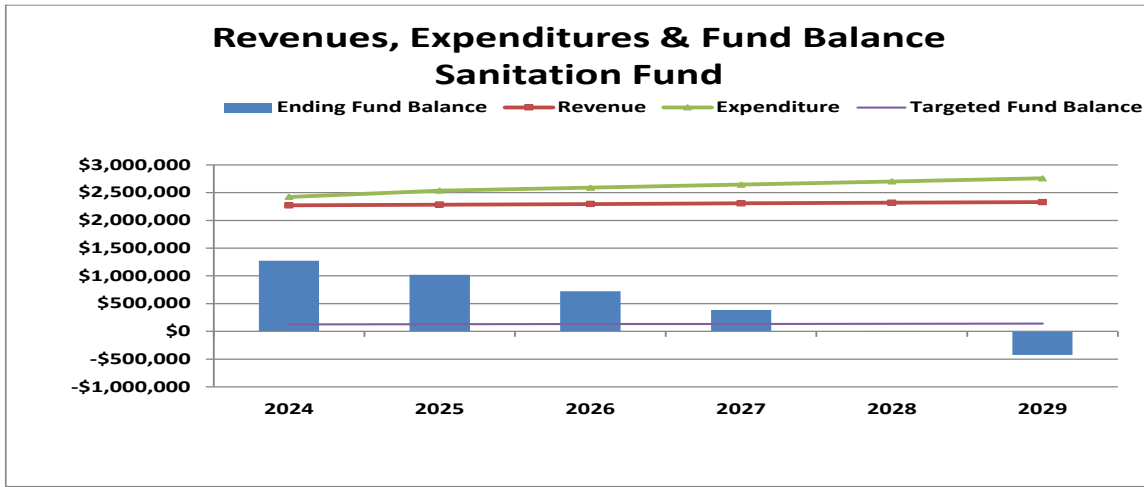
Similar to the Water Fund, the primary source of revenue for the Wastewater Fund is user fees. The Fund is self-supporting and therefore is required to generate sufficient revenue to meet its operating expenses. Starting in 2024, the City Commission has adopted a new rate structure to bring revenues 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 28% 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 58% 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 2024-2029						
Wastewater Fund						
	Budget	Projected				
	2024	2025	2026	2027	2028	2029
Beginning Unreserved Cash Balance	1,186,403	1,003,524	1,830	(106,732)	(329,674)	(486,001)
Wastewater Revenue	7,260,000	7,377,917	7,746,813	7,901,749	8,059,784	8,220,980
Treatment Plant Fee	-	-	-	-	-	-
Total	7,260,000	7,377,917	7,746,813	7,901,749	8,059,784	8,220,980
Wastewater Admin/Billing						
Personal Services	1,667,928	1,711,694	1,763,045	1,815,936	1,870,414	1,926,527
Contractual Services	396,112	456,170	461,644	467,184	472,790	478,463
Commodities & Supplies	52,922	50,756	51,725	52,713	53,720	54,746
Vehicle Operating	55,000	55,000	55,000	55,000	55,000	55,000
Capital Outlay	40,000	40,000	40,000	40,000	40,000	40,000
Treatment Plant Expenses	-	-	-	-	-	-
Transfer Out	2,916,467	3,684,934	3,091,790	3,272,126	3,272,126	3,324,482
Total	5,128,429	5,998,554	5,463,204	5,702,959	5,764,050	5,879,218
Wastewater Plant Operations						
Personal Services	434,048	521,858	537,514	553,639	570,248	587,356
Contractual Services	493,735	505,062	503,165	512,776	522,570	532,551
Commodities & Supplies	47,520	44,191	48,428	49,353	50,295	51,256
Vehicle Operating	18,300	18,300	18,650	19,006	19,369	19,739
Capital Outlay	3,000	3,000	-	-	-	-
Transfer Out	535,173	498,177	500,000	500,000	500,000	500,000
Total	1,531,776	1,590,588	1,607,756	1,634,773	1,662,482	1,690,901
Stormwater Operations						
Personal Services	78,467	82,337	84,807	87,351	89,972	92,671
Contractual Services	19,800	19,500	19,500	19,500	19,500	19,500
Commodities & Supplies	4,500	8,725	200	200	200	200
Vehicle Operating	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Transfer Out	679,907	679,907	679,907	679,907	679,907	679,907
Total	782,674	790,469	784,414	786,958	789,579	792,278
Total Expenditure	7,442,879	8,379,611	7,855,375	8,124,691	8,216,111	8,362,398
Ending Unreserved Cash Balance	1,003,524	1,830	(106,732)	(329,674)	(486,001)	(627,419)

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 49% of operational expenditures. Contractual Services is the second-largest expenditure category, which accounts for 18% of operational expenditures. The largest component of the contractual expenditures are landfill disposal fees.

GOLF FUND

The	FINANCIAL PLAN 2024-2029					
	Sanitation Fund					
	Budget	Projected				
	2024	2025	2026	2027	2028	2029
Beginning Unreserved Cash Balance	1,425,778	1,272,472	1,019,201	724,502	386,821	4,549
Solid Waste	2,270,385	2,284,000	2,295,420	2,306,897	2,318,432	2,330,024
Total	2,270,385	2,284,000	2,295,420	2,306,897	2,318,432	2,330,024
Solid Waste Operations						
Personal Services	1,169,051	1,214,300	1,256,801	1,300,789	1,346,316	1,393,437
Contractual Services	504,690	546,398	552,955	559,590	566,305	573,101
Commodities & Supplies	35,492	35,692	36,120	36,554	36,992	37,436
Vehicle Operating	270,100	280,189	283,551	286,954	290,397	293,882
Capital Outlay	-	-	-	-	-	-
Transfer Out	444,358	460,692	460,692	460,692	460,692	460,692
Total	2,423,691	2,537,271	2,590,119	2,644,578	2,700,703	2,758,549
Ending Unreserved Cash Balance	1,272,472	1,019,201	724,502	386,821	4,549	(423,976)

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 \$100” category.

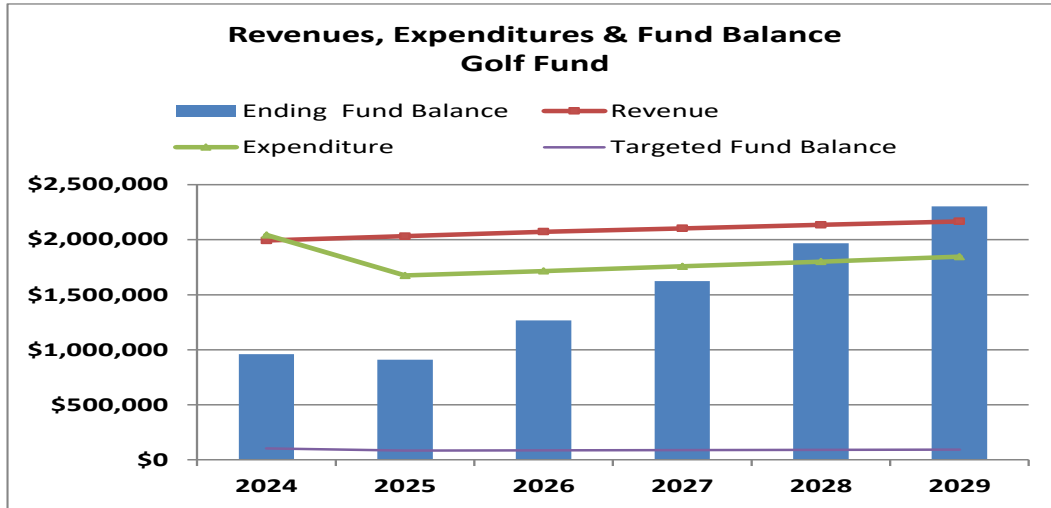
Golf Fund Expenditure Analysis

Personnel Services account for 50% of operational expenditures. Contractual Services account for 19% of operational expenditures and Commodities and Supplies at 27% of expenditures. In 2024 a final payment of \$325,000 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 generated in the Sand Creek Station subdivision and one special assessment for infrastructure improvements.

FINANCIAL PLAN 2024-2029						
Sand Creek Station						
	Budget		Projected			
	2024	2025	2026	2027	2028	2029
Beginning Unreserved Cash Balance	959,264	908,833	1,266,132	1,622,948	1,968,673	2,302,683
Golf Course Revenue	1,992,076	2,031,918	2,072,556	2,103,644	2,135,199	2,167,227
Total	1,992,076	2,031,918	2,072,556	2,103,644	2,135,199	2,167,227
Golf Operations						
Personal Services	821,720	838,154	863,299	889,198	915,874	943,350
Contractual Services	379,866	387,121	394,515	402,051	409,730	417,556
Commodities & Supplies	440,921	449,343	457,925	466,671	475,585	484,668
Capital Outlay	400,000	-	-	-	-	-
Total	2,042,507	1,674,618	1,715,740	1,757,920	1,801,189	1,845,574
Ending Unreserved Cash Balance	908,833	1,266,132	1,622,948	1,968,673	2,302,683	2,624,335



MERIDIAN CENTER FUND

The Meridian Center aims to be the premier conference and event center in the Newton area. This amenity provides a unique attraction to economic development needs in the ability to support local and outside visitors through its size and full-service offerings. The Center provides a friendly, professional and comfortable atmosphere to enable patrons to complete successful conferences and events time and time again.

Meridian Center Fund Revenue Analysis

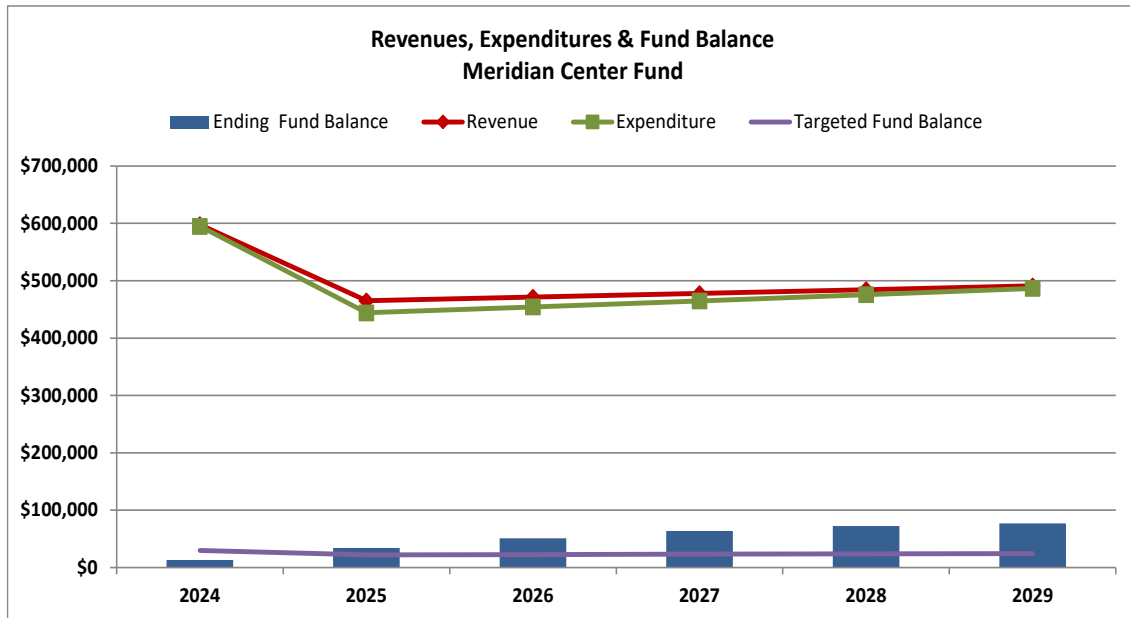
The center anticipates growth through capitalizing on the growth trends in the City from industrial and commercial to new residences-the increase in people living, working, doing business and playing in our community offers new opportunities. The Meridian Center will continue to offer capacity for corporate clients, regional conferences and expects new growth to come from personal celebrations such as weddings, anniversaries and commemorative birthdays among others.

Meridian Center Fund Expenditure Analysis

Personnel Services account for 64% 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, as well as the hotel’s total transient guest tax revenues.



FINANCIAL PLAN 2024-2029						
Meridian Center						
	Budget	Projected				
	2024	2025	2026	2027	2028	2029
Beginning Unreserved Cash Balance	10,055	12,972	33,974	50,976	63,862	72,515
Meridian Center Revenue	497,735	315,000	321,300	327,726	334,281	340,966
Other Revenue	-	-	-	-	-	-
Transfer In	100,000	150,000	150,000	150,000	150,000	150,000
Total	597,735	465,000	471,300	477,726	484,281	490,966
Meridian Center						
Personal Services	399,488	284,016	291,116	298,394	305,854	313,501
Contractual Services	84,120	78,582	80,154	81,757	83,392	85,060
Commodities & Supplies	108,710	81,400	83,028	84,689	86,382	88,110
Vehicle Operating	2,500	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total	594,818	443,998	454,298	464,840	475,628	486,670
Ending Unreserved Cash Balance	12,972	33,974	50,976	63,862	72,515	76,810