# ANNUAL COMPREHENSIVE FINANCIAL REPORT

# CITY OF NEWTON, KANSAS

# FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

## MAYOR

**Clint McBroom**

## VICE MAYOR

**Leroy Koehn**

## COMMISSIONERS

**Kathy Valentine**
**Rod Kreie**
**Rich Stinnett**

## CITY MANAGER

**Kelly McElroy**

## FINANCE DIRECTOR

**Donna Pickman**

**Prepared by the Finance Office**

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ANNUAL COMPREHENSIVE
FINANCIAL REPORT
Year Ended December 31, 2021

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**Kelly McElroy**
*City Manager*

kmcelroy@newtonkansas.com
p: 316-284-6001
201 E. Sixth St.
P.O. Box 426
Newton, Kansas 67114-0426

June 28, 2022

Newton City Commission
City of Newton
201 E. Sixth Street
PO Box 426
Newton, KS 67114-0246

Dear Commissioners,

City administration is pleased to present to you the City of Newton, Kansas Annual Comprehensive Financial Report for the period ended December 31, 2021. This Annual Comprehensive Report is a review of what occurred financially over the course of the 2021 fiscal year and serves as an analysis of our ability to manage the City's financial resources.

The Annual Comprehensive Financial Report reflects the continuing progress (through very intentional and committed efforts by the City Commission and City staff) to achieve and maintain a solid municipal financial position. By following sensible financial principles and practices in the management of the taxpayer resources that we are entrusted with, and by willingly facing our challenges head-on, we continue to improve the City's overall financial condition. We are pleased to report we have closed out another fiscal year in improved, sound financial shape.

The Annual Comprehensive Financial Report is a valuable resource for the community as we continue to evaluate and make decisions regarding allocations of resources among our municipal programs and services, meeting the needs and objectives of our citizens. It is the result of many hours of hard work and dedication by our Finance Department staff. Many of the department heads and other city staff members also dedicate significant time and effort to make this comprehensive report possible. We have a fantastic team and express our appreciation for their efforts and service, and for your trust in our team.

Sincerely,

Kelly McElroy
City Manager

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**Donna Pickman**
*Finance Director*

dpickman@newtonkansas.com
p: 316-284-6019
f: 316-284-6108

201 E. Sixth, P.O. Box 426
Newton, Kansas 67114-0426

June 28, 2022

TO THE CITIZENS OF THE CITY OF NEWTON, KANSAS
HONORABLE MAYOR AND CITY COMMISSIONERS

Good financial management requires that we provide full disclosure of the results of the City's fiscal activities each year, and that we obtain independent verification of the accuracy of our statements. Additionally, Kansas statutes call for an annual audit of all funds of the City by independent certified public accountants. Pursuant to these requirements, we hereby issue the annual comprehensive financial report of the City of Newton for the fiscal year ended December 31, 2021. Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data presented is accurate in all material respects. It is presented in a manner designed to fairly set forth the financial position and results of the operations of the City, measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included. The Management Discussion and Analysis section also includes a narrative explanation, through the eyes of management, on how the City has performed. The Management Discussion and Analysis begins on page 4 of this report.

The firm BT&Co, P.A. audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements are free from material misstatements. The independent audit involves examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there is a reasonable basis for rendering unmodified opinions that the statements presented are in conformity with generally accepted accounting principles (GAAP) and fairly present the financial condition of the City.

## The Reporting Entity and Its Services

All funds and entities related to the City of Newton are included in our annual financial report. The city provides a full range of services, which include emergency services (police, fire, and emergency medical); environmental services (water supply and distribution, wastewater collection and treatment, and solid waste collection); public works functions (street maintenance, operation of an airport, parks, cemetery, planning, engineering, building inspection), and a variety of supportive administrative services.

The Newton Public Library, a separate legal entity, is reported as a discrete component unit. A Board, the appointees of which are approved by the City, governs the Library. The Library is not a separate taxing entity under State statutes and the City levies taxes for the Library operation, which represents a significant portion of its total revenues.

The Housing Authority of the City of Newton, Kansas, a separate legal entity, is reported as a discrete component unit. The Housing Authority is governed by a Board, the appointees of which are approved by the City. The City also has the ability to remove appointed Board members at will and override or modify decisions of the governing board. The Housing Authority is presented as a proprietary fund type. Separately issued financial statements are available from the Housing Authority.

The finances for the municipal golf course, conference center and water, sewer and sanitation utilities are shown as enterprise funds. In addition, the Newton Public Building Commission is shown as a blended component unit classified as an enterprise fund.

Profile of the City of Newton

Newton is located just 20 minutes north of Wichita, the largest city in Kansas. The city was incorporated in 1872 at the western terminal of the Atchison, Topeka and Santa Fe Railway and the railhead of the Chisholm Trail, a cattle trail that ended in Abilene (current Highway K-15 follows the Chisholm Trail's route). Thus, the history of Newton has always been tied to the railroad.

Newton, the Harvey County seat, offers an ideal family environment with affordable, quiet neighborhoods and an assortment of youth recreational activities. A drive through the heart of the community reveals a city with pride and vision. Historical buildings that have been adapted for modern commercial enterprises are sprinkled throughout the community. Visible signs of steady growth are evidenced by the successful commerce of the community. Newton residents benefit from a lifestyle that values sound education, progressive health care and safe neighborhoods.

Newton area residents have access to full medical, dental, and rehabilitative services close to home. Harvey County enjoys the third highest physician to resident ratio in the state. NMC Health, a private, 99-bed, not-for-profit hospital, serves the community. The medical center is a major employer in Harvey County with 105 active medical staff and 670 full time employees. NMC Health is one of The Chartis Center for Rural Health's Top 100 Rural and Community Hospitals in the United States. This designation is based on iVantage's Hospital Strength INDEX®, the industry's most comprehensive rating of rural and Critical Access Hospitals. NMC Health has been recognized by Healthgrades® for the fourth consecutive year for outstanding patient experience. This distinction places NMC Health among the top 15 percent of hospitals nationwide for patient experience. For the fifth consecutive year, NMC Health has been named one of America's 100 Great Community Hospitals by Becker's Hospital Review.

The Newton school district, USD 373, serves more than 3,506 students in the Newton area. Annually, Newton High School graduation classes average approximately 400. USD 373 is the largest employer in Newton and the second largest employer in Harvey County with a work force of 800 employees and 600 FTE. More than half of USD teachers have a master's degree or above. 100% of the teachers are designated as "highly Qualified" as defined by the Kansas Department of Education.

Effects of the Coronavirus (COVID-19) Pandemic

Since the onset of the pandemic in 2020, the City of Newton has had to adapt operations to new fiscal and service restraints due to COVID-19. We have seen revenue declines in interest earned on investments and other charges and fees. Fortunately, we have not seen a decline in sales tax or property tax revenues. The City received various grants for COVID expenses in 2021 including $1,439,181 in American Rescue Plan Act: State and Local Fiscal Recovery Funds.

Economic Condition and Outlook

Newton, with a 2021 US Census bureau population estimate of 18,744 is located in the Wichita, Kansas, Metropolitan Area, approximately 20 miles north of Wichita itself. Newton is the 23rd largest city in Kansas. 526 building permits were issued in 2021 for $15.3 million compared to $14.9 million in 2020. Thirteen of these permits were for residential homes with a value of $3.3 million, up from nine in 2020 with a value of $2.6 million.

The City of Newton is actively involved in economic development through its partnership with Harvey County and six other local cities. These entities fund the Harvey County Economic Development Council, Inc. to provide economic development services for the area. The mission of the organization is:

> To promote the social welfare and economic development of Harvey County; recruit industrial prospects for relocation and expansion in Harvey County; and engage in other programs and projects for promotion of local economic development.
>
> Working as partners has allowed economies of scale in business and industrial development and recruitment, as well as the ability to acquire technical expertise and resources.

Major Initiatives

**Park Electrochemical Corporation**
Park Aerospace announced plans for a major expansion of its aerospace manufacturing development and design operations at Newton City/County Airport. In December 2018, the Newton City Commission and Harvey County Commission approved a development agreement with Park for an $18.8 million expansion that will add 90,000 square feet of manufacturing and office space, essentially doubling its existing facility. The company plans to add 73 new full-time jobs over the next five years. This project broke ground at the end of 2019, but with the COVID-19 pandemic plans had to be postponed. The project is expected to be completed in 2022.

**Municipal Pool and Centennial Park Ballfields**
The City and the Newton Recreation Commission began serious discussions about pool renovations in 2017 and continued meetings through 2018 and 2019. In 2020, the two agencies decided on improvement options and began to move forward with a formal project due to failing infrastructure and a strong desire of the City Commission to invest in quality-of-life improvements in the community. The improvements consist of $2.14 million to reconstruct the existing public pool and $900,000 to improve ballfields at Centennial Park. The pool construction began in the fall of 2020 and was completed in August of 2021. The improvements at Centennial Park were delayed until the spring of 2022.

**1st Street Water Storage Tank Replacement**
A multi-year project was implemented in 2020 to replace the 3.8-million-gallon water storage tank located on 1st street in Newton. This tank will be replaced with two 1.9-million-gallon tanks. Property had to be purchased from the BNSF Railway which accounted for much of the delay in starting the project. A low interest loan from the Kansas Department of Health and Environment estimated at $5.2 million has been approved to pay for this project. Construction is planned to be completed in 2023.

**Wheatridge Drive and Paddington Avenue**
The Kansas Department of Transportation awarded the City approximately $2 million in June 2020 for the extension of Wheatridge Drive and Paddington Avenue to serve new development along South Kansas Avenue. Total construction is estimated at $2.77 million. The improvements will serve a planned commercial development by Occidental Management on about 80 acres south of Wheatridge. The development will be phased and will consist of general commercial along South Kansas, potentially followed by residential and professional offices to the west. Construction on the street improvements is expected to be completed in 2022.

**GAF Materials Corporation**
The City Commission approve a letter of intent in July of 2021, to sell approximately 230 acres of land to GAF Materials Corp. for a new manufacturing facility. The letter of intent is a good-faith statement to negotiate a formal sales arrangement. New Jersey-based GAF is the largest roofing materials manufacturer in North America, with more than two dozen manufacturing plants in the United States.

**Summer Crossing Addition**
The City Commission approved a public infrastructure project in June 2021 that will open up 24 addition single-family residential lots in Summer Crossing. Petitions were approved for improvements funded through special assessments paid by the property owner. This is Newton's first residential petition project in several years. Summer Crossing is just west of Old Main, between U.S. 50 and Southwest 24th Street.

**Mennonite Housing**
In August 2021, Mennonite Housing was awarded tax credits from the Kansas Housing Resources Corporation for its proposed senior housing project at West First and Boyd. The long-term plan is a phased housing project for residents 55+ with up to 120 units, constructed as single-story patio homes. Phase 1 includes 32 housing units, clubhouse, and maintenance garage. Harvest Pointe will begin construction in 2022.

Accounting System and Budgetary Control

The City's accounting records for general government operations are maintained on a modified accrual basis. Revenues are recorded when available and measurable, and expenditures are recorded when the services or goods are received or when the liabilities are incurred.

Accounting records for the City's utilities and other enterprises are maintained on the accrual basis. The City's basis of accounting in its various funds is explained in the notes to financial statements located in the financial section of this report

In developing and altering the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance against loss of assets from unauthorized use or disposition. In addition, the controls maintain reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within this framework. The administration believes that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Expenditures are authorized by a budget approved by the City Commission as required by Kansas statutes. The Kansas Cash Basis and Budget Laws require cash to be on hand before expenditure is authorized, that all expenditures are budgeted, and that the budget not exceed anticipated revenues including carry-forward balances.

General Obligation Bonded Debt

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. Table I shows the City's annual debt service requirements as of December 31, 2021, illustrating the concept noted above.

**GENERAL OBLIGATION BOND DEBT SERVICE REQUIREMENTS**
**DECEMBER 31, 2021**

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2022 | $ 3,915,000 | $ 1,258,421 | $ 5,173,421 |
| 2023 | $ 4,000,000 | $ 1,159,208 | $ 5,159,208 |
| 2024 | $ 4,175,000 | $ 1,018,530 | $ 5,193,530 |
| 2025 | $ 3,885,000 | $ 891,108 | $ 4,776,108 |
| 2026 | $ 4,015,000 | $ 762,013 | $ 4,777,013 |
| 2027 | $ 3,290,000 | $ 629,350 | $ 3,919,350 |
| 2028 | $ 3,210,000 | $ 525,075 | $ 3,735,075 |
| 2029 | $ 2,280,000 | $ 424,643 | $ 2,704,643 |
| 2030 | $ 1,880,000 | $ 351,915 | $ 2,231,915 |
| 2031 | $ 1,495,000 | $ 293,303 | $ 1,788,303 |
| 2032 | $ 1,540,000 | $ 254,684 | $ 1,794,684 |
| 2033 | $ 1,590,000 | $ 213,114 | $ 1,803,114 |
| 2034 | $ 1,350,000 | $ 170,274 | $ 1,520,274 |
| 2035 | $ 1,395,000 | $ 131,724 | $ 1,526,724 |
| 2036 | $ 1,280,000 | $ 90,866 | $ 1,370,866 |
| 2037 | $ 640,000 | $ 53,344 | $ 693,344 |
| 2038 | $ 665,000 | $ 35,944 | $ 700,944 |
| 2039 | $ 430,000 | $ 17,844 | $ 447,844 |
| 2040 | $ 435,000 | $ 9,244 | $ 444,244 |
| 2041 | $ - | $ - | $ - |

To provide perspective and monitor trends in indebtedness of the City, various debt ratios are calculated. Table II shows such ratios. It is instructive to note that the growth environment generates additional debt burdens upon the City, but the debt ratios are within a reasonable range. Net bonded debt per capita at $1,561 and net bonded debt represents 25% of assessed value. It has been possible to finance improvements without jeopardizing these common indicators.

**TABLE II**
**CITY OF NEWTON**
**SELECTED DEBT RATIOS**

| Year End 12-31 | Net Direct Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Ratio of Net Bonded Debt to Estimated Actual Market Value | Net Bonded Debt Per Capita |
|---|---|---|---|---|
| 2012 | $ 27,441,332 | 23.87% | 3.24% | $ 1,427 |
| 2013 | $ 27,884,239 | 24.01% | 3.27% | $ 1,453 |
| 2014 | $ 26,437,566 | 22.57% | 3.07% | $ 1,383 |
| 2015 | $ 25,870,675 | 21.91% | 2.97% | $ 1,346 |
| 2016 | $ 28,420,839 | 23.90% | 3.23% | $ 1,488 |
| 2017 | $ 26,681,662 | 22.23% | 3.01% | $ 1,414 |
| 2018 | $ 28,000,395 | 23.21% | 3.13% | $ 1,494 |
| 2019 | $ 24,248,566 | 19.37% | 2.62% | $ 1,286 |
| 2020 | $ 32,443,785 | 25.34% | 3.43% | $ 1,699 |
| 2021 | $ 29,266,166 | 22.55% | 2.99% | $ 1,561 |

Revenue Bonded Debt

Revenue bonds differ from general obligation bonds in that the full taxing power of the City is not pledged to their repayment. The revenue stream of the utility for which bonds are issued secures revenue bonds. In the case of industrial revenue bonds, the City has no direct responsibility for repayment of the bonds.

The City has used revenue-bonded debt for its water and wastewater utilities. A coverage ratio is required and maintained to assure investors of a sound operation.

General Government Services

Newton's general government services include public safety (police, fire, and emergency medical), law, administration, finance, streets, environmental, planning, engineering, building inspection, library, airport, park and cemetery. Such operations are accounted for in various funds shown in the financial report.

General government revenues are comprised of a wide variety of revenue sources that protect the City from a decline in any one element of its revenue stream, as illustrated below. The largest component is taxes, which account for just over half of all revenues. Of these taxes, the predominant components are property taxes, the two-percent countywide sales tax, and motor vehicle taxes. Property tax remains the largest single revenue source.

Charges for Services account for receipts individuals and businesses pay for part or all of City services received. In the General Fund, this is the second largest revenue source and accounts for roughly 12% of revenues. Examples of services the City charges for include ambulance fees, administrative fees, rural fire services and rural ambulance services. Intergovernmental revenue is another significant segment and is comprised of grants and shared revenue from the State of Kansas determined by statutory formulas. The remaining revenue comes from a varied mix of sources. Revenues usually remain quite stable from year to year. The largest concentration of expenditures is Capital Outlay. This is due to several ongoing projects (Street, Water and Sewer additions, and Airport improvements). Sources of revenues and expenditures are graphically illustrated in the Management Discussion and Analysis in the Financial Section.

Utility Operations

Ownership and operation of the Water, Wastewater, and Sanitation departments continue to comprise three essential elements of the City's service component. Newton has been blessed with high quality supplies of groundwater from the Equus Beds aquifer, and the water requires very little treatment. Newton is the sole supplier of potable water to city residents and businesses. In addition, Newton is a partner in Public Wholesale Water Supply District No. 17 along with three other municipalities. Newton treats and distributes water from the District to these neighboring communities under separate contract with each municipality. The City is also the sole provider of residential refuse and recycling collection services.

The entire water production system is modern and generally in sound condition. Work to replace the ground level storage tank on West First Street has started, along with painting two elevated water towers.

Newton owns and operates a wastewater treatment plant permitted by the Kansas Department of Health and Environment. In the summer of 2016, a $20 million upgrade to a Biological Nutrient Removal (BNR) plant was completed. This was funded through a low interest loan from KDHE and annual payments to the state are made from increased sewer rates.

The Newton solid waste department collects refuse and recyclable materials from residential customers in the City. Commercial service was abandoned as a separate operation, although commercial customers who can be serviced in the normal residential refuse and recycling collection process can opt for City service. Refuse is delivered to the Harvey County transfer station, where it is then hauled to a landfill out of the county. Recyclables are delivered to the Harvey County Recycling Center for processing.

To provide an example of the current user fee level, Newton residents can receive weekly trash collection, 500 cubic feet sanitary sewer service, and use 500 cubic feet of water for a total of $133.07. This remains competitive with other communities in Kansas.

Airport

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 Newton City-County Airport (designated EWK) is located on approximately 800 acres two miles east of Newton, Kansas. Originally constructed as an auxiliary flight training facility for the U.S. Navy, the airport was converted to a municipal facility following World War II. The facility has a volunteer Aviation Advisory Commission that provides community input regarding the facility's operations to the two local governments.

The airport provides an "all weather" facility with two runways that can accommodate corporate business jets, multi-engine aircraft, and single-engine aircraft. Its primary runway, Runway 17/35, is 7,003 feet long, and its secondary runway, Runway 08/26 is 3,501 feet long. The field has on-site weather reporting, and its primary runway is equipped with an ILS approach, both of which provide access to the airport during most weather conditions.

The airport's primary function is to accommodate corporate/business activity. Companies such as Hawker-Beechcraft, Wells Fargo, Avcon Industries, and Hesston College use the facility daily. Other daily flying activities include pipeline inspections, flight training, and emergency medical flights. Local and State law enforcement use the airport on a weekly basis, as does the military. Other aviation activity at the airport consists of doctor transport, aerial advertising, aerial photography, and surveying. Numerous businesses operate at the airport. Avcon Industries, Midwest Aircraft, and Park Aircraft Technologies provide a variety of products and services. Hesston College provides flight instruction to student pilots. Reconstruction of Taxiway E was started in 2020. Designing phase was completed in late 2020 and construction began in 2021 and will be completed in 2022. The federal government is planning to fund $7,691,372 of the project, with the remaining $854,597 to be split between the City of Newton and Harvey County.

Cash Management

Effective cash management is recognized as essential to good fiscal management. The City's investments are designed and managed in a manner responsive to the public trust and consistent with statutory requirements. In priority order, the basic cash management philosophy of the City is:

1. Protect investment principal.
2. Maintain liquidity.
3. Maximize interest earnings.

Funds not needed in the short term are invested either in local financial institutions or in the Kansas Municipal Investment Pool. The City may only invest in Treasury bills, certificates of deposits, or the Pool.

The Kansas Municipal Investment Pool was created in 1992 to allow municipalities to invest funds with the Kansas State Treasurer, who subsequently invests in federal securities. The State of Kansas guarantees these funds. Prior to investing funds in the Pool, the City must offer funds to qualified local financial institutions. Rates by local institutions are compared to published rates established by the Pool. If local banks are willing to pay the same rate, funds must be invested locally.

Insurance

The City of Newton carries a wide variety of coverage for its diverse risks. In 1994, the City became a charter member of the Kansas Municipal Insurance Trust (KMIT), a Worker's Compensation insurance pool. Through a continuing affiliation in 2007, KMIT provides to the City extensive risk management services, including memoranda on current issues, training materials, and seminars designed to decrease claims. In addition to substantial premium savings compared to previous policies, the City receives excellent risk prevention services.

Independent Audit

State statutes require an annual audit of the books of accounts, financial records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Commission. The firm of BT&Co, P.A. began performing the City audit for the fiscal year 2015. Their opinion for the December 31, 2021 financial statements is included.

Administrative Officials

Kelly McElroy was named City Manager for the City of Newton effective May 26, 2020. Donna Pickman was hired on July 24, 2017, as Finance Director.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newton for its annual comprehensive financial report for the fiscal year ended December 31, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Newton has received a Certificate of Achievement for the last thirty-one consecutive years (fiscal years ended 1989-2020). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgements

I sincerely appreciate the cooperation and dedicated efforts required of the many City personnel, both inside and outside of the Finance Office, for the presentation of this report. The citizens of the City of Newton are extraordinarily well served by all departments of the City who contributed to this annual financial report in their daily work throughout the year and their individual year-end tasks. I especially want to acknowledge the dedication and hard work of the Assistant Finance Director, Lisa Marshall. Her assistance with managing the Finance department and her help to other departments is invaluable.

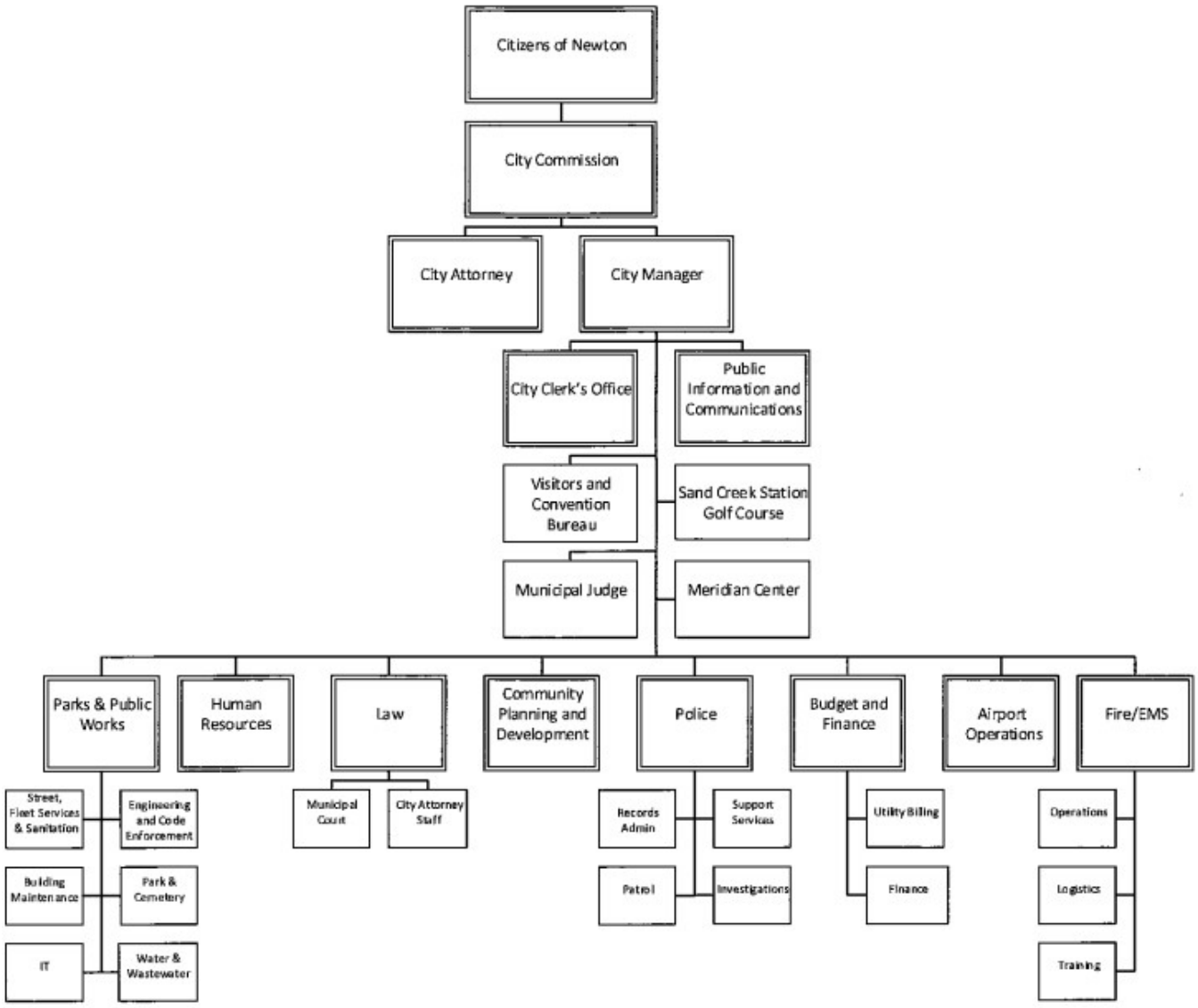
I express special appreciation to the City Commissioners and City Manager Kelly McElroy, for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Newton's finances.

Respectfully,



Donna Pickman
Finance Director

# City of Newton Organization Chart




The Law Dept. is under the supervision of the City Attorney but is under the City Manager's authority
Title VI Coordinator is the Public Works Director and the Civil Rights Coordinator is the HR Director

CITY OF NEWTON, KANSAS
LIST OF PRINCIPAL OFFICIALS

## ELECTED CITY OFFICIALS

| Name | Position | Term of Office |
|---|---|---|
| Clint McBroom | Mayor | December 2021 – December 2022 |
| | Commissioner | December 2019 – December 2023 |
| Leroy Koehn | Vice Mayor | December 2021 – December 2022 |
| | Commissioner | April 2013 – December 2025 |
| Rod Kreie | Commissioner | April 2018 – December 2025 |
| Kathy Valentine | Commissioner | April 2015 – December 2023 |
| Richard Stinnett | Commissioner | December 2019 – December 2023 |

## ADMINISTRATIVE OFFICIALS

| Name | Office |
|---|---|
| Kelly McElroy | City Manager |
| Erin McDaniel | Director of Communication/PIO |
| Chris Towle | City Attorney |
| Denise R. Duerksen | City Clerk |
| Suzanne Loomis | Director of Public Works/City Engineer |
| Steve Roberson | Fire/EMS Chief |
| Craig Dunlavy | Chief of Police |
| Donna Pickman | Finance Director |
| Lisa Marshall | Assistant Finance Director |
| Debra Perbeck | Director of Human Resources |
| Brian Palmer | Director of Aviation |
| Rebecca Likiardopoulos | Director of Administration |
| Zach McHatton | Community Development Director |

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Newton**
**Kansas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

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BT & Co. P.A.
Certified Public Accountants

4301 SW Huntoon St. Topeka, KS 66604 | t:785.234.3427 | toll-free: 800.530.5526 | f: 785.233.1768 | w: btandcocpa.com

# INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Commission
City of Newton, Kansas

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Kansas (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our report and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Housing Authority of the City of Newton, Kansas (Housing Authority), which represent 55% and 57%, respectively, of the assets and revenues of the aggregate discretely presented component units as of December 31, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority, is based solely on the report of the other auditors.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Newton Public Library were not audited in accordance with *Government Auditing Standards*.

***Emphasis-of-Matter***

As described in Note 17 to the financial statements, the December 31, 2020 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which

consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The statements and schedules listed under supplementary information in the accompanying table of contents, including the schedule of expenditures of federal awards as required by Title 2 U. S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BT + Co., P.A.

Topeka, Kansas
June 28, 2022

**CITY OF NEWTON, KANSAS**

**Management's Discussion and Analysis**

As management of the City of Newton, Kansas, we offer readers of the City of Newton's financial statements this narrative overview and analysis of the financial activities of the City of Newton for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-x of this report, and the City of Newton's financial statements, which follow this section beginning on page 14.

## FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Newton exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $103,031,893. Of this amount $27,674,724 (unrestricted net position) may be used to meet the government's ongoing obligations to the citizens and creditors.

- The City's total net position increased 9.00% to $103.0 million and unrestricted net position decreased 9.73% to $27.6 million as a result of this year's operations.

- At the end of 2021, the combined unassigned and assigned fund balance for the General Fund was $13,172,426 or 72.69% of General Fund expenditures net of transfers. This is compared to $11,811,353 or 68.65% of General Fund expenditures in 2020. The increase in the combined unassigned and assigned fund balance is due to the City's conscience effort to keep a tight rein on expenditures. This fund balance is within the Fund Balance Policy limits.

- The City of Newton's General Obligation (GO) Debt decreased $4,840,000 during 2021 to $41,470,000.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Newton's annual comprehensive financial report which includes the basic financial statements. The City's basic financial statements comprise three components. 1) Government-wide financial statements - consisting of *The Statement of Net Position* and the *Statement of Activities* which provide information about the activities of the City as a whole and present a more long-term view of the City's finances. 2) Fund financial statements that report the City's operations in more detail than the government-wide statements, by providing information about the City's most significant funds. 3) Notes to the financial statements. This report also contains other supplementary statistical and financial information in addition to the basic financial statements themselves.

## Reporting the City as a Whole

The government-wide financial statements (pages 14-15 of this ACFR) are designed to provide readers with a broad overview of the City of Newton's finances, in a format similar to a private-sector business.

### The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the past year's activities?" The *Statement of Net Position* and the *Statement of Activities* each report information about the City as a whole and about its activities in a way that helps answer this question. These statements include **all** assets and liabilities using the **accrual basis of accounting**, which is similar to the accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account as they are earned or incurred, regardless of when cash is received or paid.

These two statements report the City's **net position** and changes in them. You can think of the City's net position as the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources as one way to measure the City's financial health, or **financial position**. Over time, **increases or decreases** in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads and other infrastructure, to assess the overall health of Newton.

The *Statement of Net Position* and the *Statement of Activities* distinguish functions of the City of Newton that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City's governmental activities include general government, public safety, highways and street, community and economic development, and parks and recreation. Property taxes, transient guest taxes, sales taxes, and franchise fees finance most of these activities. The City's business-type activities include water, sewer, sanitation, golf course and conference center. The City of Newton has three component units, the Newton Public Library (discrete), the Newton Public Building Commission (blended) and The Newton Housing Authority (discrete), which are all separate legal entities. Although legally separate, these "component units" are important because the City is financially accountable for them.

## Reporting the City's Most Significant Funds

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds-not the City of Newton as a whole. Some funds are required to be established by State Law and by bond covenants. In addition, the City Commission establishes other funds to help control and manage money for particular purposes, or to demonstrate that Newton is complying with legal requirements for using certain taxes, grants, and other money. The City's two kind of funds; **governmental and proprietary** use different accounting approaches.

**Fund Financial Statements**

- *Governmental funds*--Most of the City's basic services are reported in its governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. These funds are reported using an accounting method called the *modified accrual* basis of accounting, which measures cash and other financial assets that can readily be converted to cash. With this method, the governmental fund statements provide a detailed short-term view of the city's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds (reported in the fund financial statements) in a reconciliation document following the fund financial statements, on pages 17 and 19.
- *Proprietary funds*--When the City charges for certain services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported using the *full accrual basis* of accounting, in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Activities*. The City of Newton maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. We use *internal service funds* to report activities provided through one fund for other City programs and activities--such as the City's Stores and Maintenance and Self Insurance Funds.

**THE CITY AS A WHOLE**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Newton, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $103,031,893 at the close of 2021, the most recent fiscal year. This represents an increase of 9.00% as compared to the close of 2020.

By far the largest portion of the City of Newton's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related outstanding debt used to construct or acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1**
**City of Newton**
**Condensed Statement of Net Position**
**December 31, 2021**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| **Current and other assets** | $ 33,440,767 | $ 33,778,295 | $ 22,505,619 | $ 24,123,138 | $ 55,946,386 | $ 57,901,433 |
| **Capital assets, non-depreciable** | 13,363,442 | 7,598,311 | 2,281,193 | 1,379,979 | 15,644,635 | 8,978,290 |
| **Capital assets, net of depreciation** | 54,155,484 | 59,102,767 | 62,110,278 | 60,296,250 | 116,265,762 | 119,399,017 |
| **Total Assets** | 100,959,693 | 100,479,373 | 86,897,090 | 85,799,367 | 187,856,783 | 186,278,740 |
| **Deferred Outflows of Resources** | 4,661,348 | 5,010,757 | 1,190,471 | 1,301,831 | 5,851,819 | 6,312,588 |
| **Long-term liabilities outstanding** | 45,075,968 | 52,006,635 | 30,779,364 | 35,886,274 | 75,855,332 | 87,892,909 |
| **Other liabilities** | 1,715,353 | 1,201,097 | 648,604 | 628,467 | 2,363,957 | 1,829,564 |
| **Total Liabilities** | 46,791,321 | 53,207,732 | 31,427,968 | 36,514,741 | 78,219,289 | 89,722,473 |
| **Deferred Inflows of Resources** | 11,685,427 | 8,260,736 | 771,993 | 144,376 | 12,457,420 | 8,405,112 |
| **Net Position:** | | | | | | |
| **Net Investment in Capital Assets** | 36,511,227 | 32,670,298 | 36,215,736 | 29,137,494 | 72,726,963 | 61,807,792 |
| **Restricted** | 2,630,206 | 1,997,395 | - | - | 2,630,206 | 1,997,395 |
| **Unrestricted** | 8,002,860 | 9,353,969 | 19,671,864 | 21,304,587 | 27,674,724 | 30,658,556 |
| **Total Net Position** | $ 47,144,293 | $ 44,021,662 | $ 55,887,600 | $ 50,442,081 | $ 103,031,893 | $ 94,463,743 |

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining City's balance of unrestricted net position of $27,674,724 may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net position decreased by $2,983,832 or 9.73%.

At the end of the current fiscal year, the city is able to report positive balances in all categories of net position for governmental activities. The City's combined net position from governmental and business-type increased as described previously. This increase is reflected in the *Statement of Net Position* through *Statement of Activities,* on pages 14-15, respectively.

**Table 2**
**City of Newton**
**Statement of Activities and Changes in Net Position**
**Year Ended December 31, 2021**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| **Revenues** | | | | | | |
| Program Revenues | | | | | | |
| Charges for services | $ 4,321,983 | $ 3,985,554 | $ 16,802,156 | $ 16,273,815 | $ 21,124,139 | $ 20,259,369 |
| Operating grants and contributions | 1,761,940 | 161,641 | - | - | 1,761,940 | 161,641 |
| Capital grants and contributions | 5,527,136 | 3,225,926 | 342,372 | 21,000 | 5,869,508 | 3,246,926 |
| General Revenues | | | | | | |
| Property taxes and special assessments | 8,835,761 | 8,767,116 | 142,240 | 133,941 | 8,978,001 | 8,901,057 |
| Sales taxes | 6,221,635 | 5,526,871 | - | - | 6,221,635 | 5,526,871 |
| Franchise taxes | 1,519,599 | 1,468,435 | - | - | 1,519,599 | 1,468,435 |
| Excise Taxes | 316,027 | 188,022 | - | - | 316,027 | 188,022 |
| Gain on disposal of capital assets | - | 54,424 | - | 500 | - | 54,924 |
| Interest income | 4,056 | 202,942 | 3,962 | 5,872 | 8,018 | 208,814 |
| Other | 730,551 | 1,138,762 | 60,105 | - | 790,656 | 1,138,762 |
| **Total Revenues** | 29,238,688 | 24,719,693 | 17,350,835 | 16,435,128 | 46,589,523 | 41,154,821 |
| **Expenses** | | | | | | |
| General government | 5,385,546 | 5,681,133 | - | - | 5,385,546 | 5,681,133 |
| Public safety | 11,050,615 | 11,427,887 | - | - | 11,050,615 | 11,427,887 |
| Highway and streets | 4,404,305 | 3,773,794 | - | - | 4,404,305 | 3,773,794 |
| Culture and recreation | 1,300,417 | 1,347,875 | - | - | 1,300,417 | 1,347,875 |
| Airport | 1,606,844 | 1,042,403 | - | - | 1,606,844 | 1,042,403 |
| Interest and fiscal charges | 1,073,799 | 1,461,697 | - | - | 1,073,799 | 1,461,697 |
| Sewer | - | - | 5,308,781 | 5,206,266 | 5,308,781 | 5,206,266 |
| Sanitation | - | - | 1,752,106 | 1,773,244 | 1,752,106 | 1,773,244 |
| Waterworks | - | - | 3,633,023 | 3,497,672 | 3,633,023 | 3,497,672 |
| Golf Course | - | - | 1,566,644 | 1,456,132 | 1,566,644 | 1,456,132 |
| Public Building Commission | - | - | 449,532 | 569,091 | 449,532 | 569,091 |
| Meridian Center | - | - | 548,489 | - | 548,489 | - |
| **Total Expenses** | 24,821,526 | 24,734,789 | 13,258,575 | 12,502,405 | 38,080,101 | 37,237,194 |
| Excess (Deficiency) before transfers | 4,417,162 | (15,096) | 4,092,260 | 3,932,723 | 8,509,422 | 3,917,627 |
| Transfers | (1,160,492) | 4,080,892 | 1,160,492 | (4,080,892) | - | - |
| Change in Net Assets | 3,256,670 | 4,065,796 | 5,252,752 | (148,169) | 8,509,422 | 3,917,627 |
| Net Position, Beginning of the Year as previously stated | 43,887,623 | 39,955,866 | 50,576,122 | 50,590,250 | 94,463,745 | 90,546,116 |
| Prior Period adjustment | - | - | 58,726 | - | 58,726 | - |
| Net position , beginning of year as restated | 43,887,623 | 39,955,866 | 50,634,848 | 50,590,250 | 94,522,471 | 90,546,116 |
| Net Position, End of the Year | $ 47,144,293 | $ 44,021,662 | $ 55,887,600 | $ 50,442,081 | $ 103,031,893 | $ 94,463,743 |

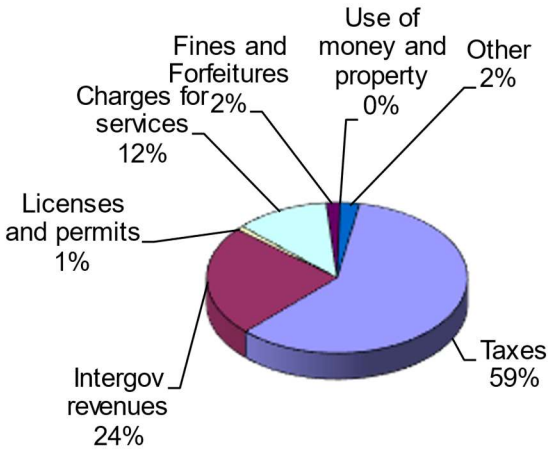
## Governmental Activities

Table 3 presents the cost of the City's four largest governmental activities—general government; public safety; highway and streets, public works; and culture and recreation—as well as each activity's net cost (total cost, less revenues generated by the activity). The net cost shows the financial burden that was placed on the City's taxpayers by each of these governmental functions.

**Table 3**
**Net Cost of Governmental Activities**

| | Total Cost of Services | Net Cost of Services |
|---|---|---|
| General government | $ 5,385,546 | $ 3,037,589 |
| Public safety | 11,050,615 | 8,406,478 |
| Highway & streets and public works | 4,404,305 | 2,978,384 |
| Culture and recreation | 1,300,417 | 1,280,948 |
| Totals | $ 22,140,883 | $ 15,703,399 |

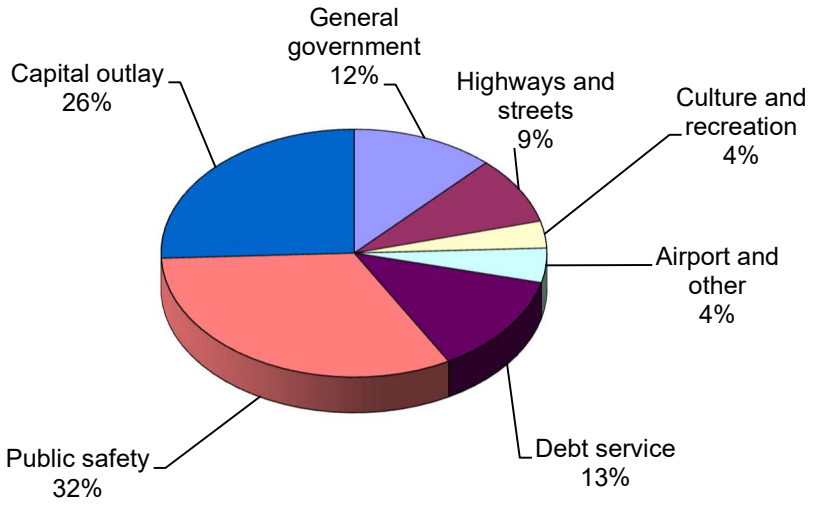
**Source of Revenue**




- Property tax revenue increased $76,944 or 0.86% for the year 2021 as compared to 2020. The increase is due to an increase in the City's 2021 assessed valuation.

- The City saw an increase in Intergovernmental, Charges for Services, Fines and Forfeitures, and Use of Money as the economy comes out of the coronavirus (COVID-19) pandemic.

**Functional Expenses**




**Business-type Activities**

Business-type activities increased the City's net position by $5,252,752 to $55,887,600 during 2021. Part of this increase was due to bringing the Meridian Center inhouse as an enterprise fund. Table 4 presents the cost of the City's five business-type activities and blended component unit--Sewer, Sanitation, Water, Golf Course and Meridian Center and Public Building Commission—as well as each activity's net revenue (revenue generated by the activity less its total cost).

**Table 4**
**Net Revenue from Business-Type Activities**

| | Total Cost of Activity | Net Revenue from Activity |
|---|---|---|
| Sewer | $ 5,308,781 | $ 2,824,284 |
| Sanitation | 1,752,106 | 487,006 |
| Waterworks | 3,633,023 | 1,100,228 |
| Golf Course | 1,566,644 | (92,153) |
| Public Building Commission | 449,532 | (44,891) |
| Meridian Center | 548,489 | (388,521) |
| Totals | $ 13,258,575 | $ 3,885,953 |

- In 2014 the City began a mandated upgrade of the Wastewater Treatment Plant for estimated cost of $24 million. The City Commission adopted a plant upgrade fee in 2014 to pay for the debt service for the upgrade. This project came in approximately $4 million under budget upon completion. The fee established in 2014 will remain in effect for the City to utilize the excess funds in terms of interest savings and to reduce the debt service requirements in terms of years. As of December 31, 2021, an extra $4,400,000, raised by this upgrade fee, has been paid toward the principal to reduce the debt service.

- The 2021-2026 Capital Improvement Plan is approximately $34.7 million. The CIP is funded through a combination of City, State and Federal funds.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

On December 31, 2021, the City's governmental funds reported combined fund balance of $13,030,986, a $133,942 increase from 2020.

- The General Fund is the major operating and taxing fund for the City of Newton. The beginning total fund balance was $11,820,605. In 2021 the ending balance was $13,543,251 a $1,722,646 or 14.57% increase over 2020. In 2021, expenditures exceeded revenues by $502,262, however, the fund balance in the General Fund increased due to the City's resolve to continue to fund the budgeted transfers to the municipal equipment and capital reserve accounts.
- The Debt Service Fund reflected an increase of $596,221. The Debt Service Fund balance at year end 2021 was $1,252,910. The City took advantage of the low 2020 rates and refunded bonds with high interest rates, this helped lower debt service requirements in 2021 and beyond. This increase in fund balance reflects those savings.
- The Capital Projects Fund accounts for major capital projects in Newton. The fund reflects an ending balance of ($3,830,366). This is compared to the 2020 balance of ($1,342,703), with the negative ending balance being the result of temporary cash reserve funding for ongoing projects. A major portion of these projects will be completed, and bonds issued in 2022.
- In Other Governmental Funds, the ending fund balance is $2,065,191, an increase of $302,738 or 17.18%.

### General Fund Budgetary Highlights

The General Fund actual revenues did not meet budgeted revenues by $634,298 for 2021. The lower than budgeted revenue received for interest earned on investments, franchise fees, and charges for services were due to the ongoing coronavirus (COVID-19) pandemic.

- General Fund tax revenues, actual vs. budget, reflected a positive variance of $791,890. This increase was due to higher sales tax collections.

- General Fund expenditures in 2021 were $20,299,443 compared to $19,992,532 in 2020. This reflects a $306,911 expenditure increase. The rising costs of goods that the City needs to maintain services had a detrimental effect on the expenditure budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2021, the City had $131,910,397 (net of depreciation) invested in a broad range of capital assets, including police and fire equipment, buildings, improvements, land, park facilities, golf course, and water and wastewater treatment facilities (see Table 5 below). This amount represents a net increase (including additions and deletions) of $3,533,090. Construction in progress increased $6,666,345, this increase is a result of several major street, utility and airport construction projects which increased general infrastructure. Building and Improvements decreased ($1,701,198). Machinery and Equipment decreased ($458,834). Utility Service Lines increased $418,855. General Infrastructure had a net decrease of ($1,392,078). Additional information of the City of Newton's capital assets can be found in Note 5, of the Notes to Financial Statements, on pages 44-47.

The City's five-year Capital Improvement Plan reflects appropriations for construction, improvements to, or acquisition of an additional $34.7 million worth of capital assets for fiscal 2021 through 2026. Funding is budgeted to come from general obligation bonds, utility revenue bonds, state revolving fund loans and special benefit districts and other sources. The most significant projects include construction or enhancements of various streets, bridges, and traffic-ways, construction and enhancements to parks and athletic fields, airport facilities, water treatment and distribution system improvements, wastewater collection and treatment facilities and storm water drainage improvements.

**Table 5**
**City of Newton's Capital Assets**
**(net of depreciation)**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | $ 6,057,650 | $ 6,608,676 | $ 1,633,605 | $ 1,082,579 | $ 7,691,255 | $ 7,691,255 |
| Buildings and improvements | 15,625,611 | 18,752,374 | 35,536,301 | 34,110,736 | 51,161,912 | 52,863,110 |
| Machinery and equipment | 3,468,263 | 3,896,705 | 2,626,408 | 2,656,800 | 6,094,671 | 6,553,505 |
| General infrastructure | 35,061,610 | 36,453,688 | - | - | 35,061,610 | 36,453,688 |
| Utility service lines | - | - | 23,947,569 | 23,528,714 | 23,947,569 | 23,528,714 |
| Construction in progress | 7,305,792 | 989,635 | 647,588 | 297,400 | 7,953,380 | 1,287,035 |
| Total capital assets | $ 67,518,926 | $ 66,701,078 | $ 64,391,471 | $ 61,676,229 | $ 131,910,397 | $ 128,377,307 |

### Debt

On December 31, 2021, the City had total general obligation debt outstanding of $41,470,000 backed by the full faith and credit of the government. The remainder of the City bonded debt represents revenue bonds. The City is obligated for $13,324,822 of state revolving fund loans secured solely by specified revenue sources. Total City indebtedness as of December 31, 2021, is $57,979,822.

The City has taken advantage of the current interest rate environment by refunding bond issues in 2020 and 2021, realizing savings due to reduced interest costs. In 2021, the City refunded Series 2013-A which originally financed various improvement projects. The savings in interest for refunding these bonds is estimated to result in future value savings of approximately $536,000 for the City.

Additional information of the City of Newton's long–term debt can be found in Note 10, of the Notes to Financial Statements, on pages 65-69.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Newton is the seat of Harvey County, within the Wichita Metropolitan Statistical Area (MSA). Wichita is one of 383 Metropolitan Statistical Areas (MSAs) in the nation. The Wichita MSA 2021 population was 647,919. The Harvey County 2021 population of 33,817 had a per capita personal income (PCPI) of $46,698. This PCPI was 78% of the state average, $59,324, and 70% of the national average, $66,735. The 2021 PCPI reflected an increase of 5% from 2020. The Harvey County Civilian Labor Force was 17,144 with an unemployment rate of 1.8%.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance office, at the City of Newton, 201 E 6th Street, Newton, Kansas 67114.

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# CITY OF NEWTON, KANSAS
# STATEMENT OF NET POSITION
# December 31, 2021

| | Primary Government | | | Component Units | |
|---|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Public Library | Housing Authority |
| Assets: | | | | | |
| Cash and investments | $ 12,461,119 | $ 22,018,175 | $ 34,479,294 | $ 2,141,597 | $ 507,882 |
| Receivables: | | | | | |
| Property tax | 7,707,086 | - | 7,707,086 | - | - |
| Special assessment tax | 7,774,271 | - | 7,774,271 | - | - |
| Sales tax | 1,114,294 | - | 1,114,294 | - | - |
| Franchise tax | 149,526 | - | 149,526 | - | - |
| Accounts | 565,610 | 2,005,451 | 2,571,061 | - | 2,603 |
| Due from other governments | 59,901 | - | 59,901 | - | 22,212 |
| Other | 490,698 | - | 490,698 | - | - |
| Internal balances | 2,439,576 | (2,439,576) | - | - | - |
| Prepaid items | 390,825 | 31,126 | 421,951 | - | 46,638 |
| Inventory | 143,053 | 157,017 | 300,070 | - | 11,076 |
| Restricted assets: | | | | | |
| Cash and investments | 144,808 | 733,426 | 878,234 | - | 57,689 |
| Capital assets: | | | | | |
| Capital assets not being depreciated | 13,363,442 | 2,281,193 | 15,644,635 | - | 374,836 |
| Other capital assets, net of depreciation | 54,155,484 | 62,110,278 | 116,265,762 | 119,456 | 1,821,558 |
| Total assets | 100,959,693 | 86,897,090 | 187,856,783 | 2,261,053 | 2,844,494 |
| Deferred outflows of resources: | | | | | |
| Deferred charge on refunding | 477,082 | 525,960 | 1,003,042 | - | - |
| Deferred outflows - OPEB | 406,451 | 23,770 | 430,221 | 361 | - |
| Deferred outflows - pension | 3,777,815 | 640,741 | 4,418,556 | 78,091 | 60,726 |
| Total deferred outflows of resources | 4,661,348 | 1,190,471 | 5,851,819 | 78,452 | 60,726 |
| Liabilities: | | | | | |
| Accounts payable | 813,229 | 208,414 | 1,021,643 | 23 | 100,613 |
| Accrued expenses | 229,728 | 81,218 | 310,946 | - | 14,267 |
| Accrued interest payable | 299,013 | 263,800 | 562,813 | - | - |
| Claims payable | 151,249 | - | 151,249 | - | - |
| Unearned revenues | 222,134 | 95,172 | 317,306 | - | 24,628 |
| Noncurrent liabilities: | | | | | |
| Due within one year | 3,353,709 | 3,184,182 | 6,537,891 | 19,842 | 15,867 |
| Due in more than one year | 41,722,259 | 27,595,182 | 69,317,441 | 232,366 | 210,032 |
| Total liabilities | 46,791,321 | 31,427,968 | 78,219,289 | 252,231 | 365,407 |
| Deferred inflows of resources: | | | | | |
| Deferred receivable - property taxes | 7,707,086 | - | 7,707,086 | - | - |
| Deferred inflows - OPEB | 410,619 | 31,641 | 442,260 | 2,985 | - |
| Deferred inflows - pension | 3,567,722 | 740,352 | 4,308,074 | 91,649 | 23,811 |
| Total deferred inflows of resources | 11,685,427 | 771,993 | 12,457,420 | 94,634 | 23,811 |
| Net position: | | | | | |
| Net investment in capital assets | 36,511,227 | 36,215,736 | 72,726,963 | 119,456 | 2,196,394 |
| Restricted for: | | | | | |
| Community development | 617,775 | - | 617,775 | - | - |
| Cemetery perpetual care - nonexpendable | 418,216 | - | 418,216 | - | - |
| Debt service | 953,897 | - | 953,897 | - | - |
| Airport | 140,466 | - | 140,466 | - | - |
| Law enforcement | 276,521 | - | 276,521 | - | - |
| Other | 223,331 | - | 223,331 | - | - |
| Unrestricted | 8,002,860 | 19,671,864 | 27,674,724 | 1,873,184 | 319,608 |
| Total net position | $ 47,144,293 | $ 55,887,600 | $ 103,031,893 | $ 1,992,640 | $ 2,516,002 |

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities | Primary Government: Business-Type Activities | Primary Government: Total | Component Units: Newton Public Library | Component Units: Housing Authority |
|---|---|---|---|---|---|---|---|---|---|
| Primary government: | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government | $ 5,385,546 | $ 362,792 | $ 1,652,471 | $ 332,694 | $ (3,037,589) | $ - | $ (3,037,589) | $ - | $ - |
| Public safety | 11,050,615 | 2,644,137 | - | - | (8,406,478) | - | (8,406,478) | - | - |
| Highway and streets | 4,404,305 | - | - | 1,425,921 | (2,978,384) | - | (2,978,384) | - | - |
| Culture and recreation | 1,300,417 | - | 19,469 | - | (1,280,948) | - | (1,280,948) | - | - |
| Airport | 1,606,844 | 1,315,054 | 90,000 | 3,768,521 | 3,566,731 | - | 3,566,731 | - | - |
| Interest and fiscal charges | 1,073,799 | - | - | - | (1,073,799) | - | (1,073,799) | - | - |
| Total governmental activities | 24,821,526 | 4,321,983 | 1,761,940 | 5,527,136 | (13,210,467) | - | (13,210,467) | - | - |
| Business-type activities: | | | | | | | | | |
| Sewer | 5,308,781 | 7,795,384 | - | 337,681 | - | 2,824,284 | 2,824,284 | - | - |
| Sanitation | 1,752,106 | 2,239,112 | - | - | - | 487,006 | 487,006 | - | - |
| Waterworks | 3,633,023 | 4,728,560 | - | 4,691 | - | 1,100,228 | 1,100,228 | - | - |
| Golf course | 1,566,644 | 1,474,491 | - | - | - | (92,153) | (92,153) | - | - |
| Public building commission | 449,532 | 404,641 | - | - | - | (44,891) | (44,891) | - | - |
| Meridian Center | 548,489 | 159,968 | - | - | - | (388,521) | (388,521) | | |
| Total business-type activities | 13,258,575 | 16,802,156 | - | 342,372 | - | 3,885,953 | 3,885,953 | - | - |
| Total primary government | $ 38,080,101 | $ 21,124,139 | $ 1,761,940 | $ 5,869,508 | (13,210,467) | 3,885,953 | (9,324,514) | - | - |
| Component units: | | | | | | | | | |
| Newton Public Library | $ 904,592 | $ 13,475 | $ 117,918 | $ - | | | | (773,199) | - |
| Housing Authority | 1,272,195 | 424,452 | 602,741 | 202,964 | | | | - | (42,038) |
| Total component units | $ 2,176,787 | $ 437,927 | $ 720,659 | $ 202,964 | | | | (773,199) | (42,038) |
| General revenues: | | | | | | | | | |
| Taxes: | | | | | | | | | |
| Property taxes | | | | | 8,835,761 | 142,240 | 8,978,001 | 803,787 | - |
| Sales taxes | | | | | 6,221,635 | - | 6,221,635 | - | - |
| Franchise taxes | | | | | 1,519,599 | - | 1,519,599 | - | - |
| Excise taxes | | | | | 316,027 | - | 316,027 | - | - |
| Investment earnings | | | | | 4,056 | 3,962 | 8,018 | 3,122 | 1,240 |
| Other | | | | | 730,551 | - | 730,551 | - | - |
| Gain on disposals of capital assets | | | | | - | 60,105 | 60,105 | - | - |
| Transfers | | | | | (1,160,492) | 1,160,492 | - | - | - |
| Total general revenues and transfers | | | | | 16,467,137 | 1,366,799 | 17,833,936 | 806,909 | 1,240 |
| Change in net position | | | | | 3,256,670 | 5,252,752 | 8,509,422 | 33,710 | (40,798) |
| Net position, beginning of year as previously stated | | | | | 43,887,623 | 50,576,122 | 94,463,745 | 1,958,930 | 2,556,800 |
| Prior period adjustment | | | | | - | 58,726 | 58,726 | - | - |
| Net position, beginning of year as restated | | | | | 43,887,623 | 50,634,848 | 94,522,471 | 1,958,930 | 2,556,800 |
| Net position, end of year | | | | | $ 47,144,293 | $ 55,887,600 | $ 103,031,893 | $ 1,992,640 | $ 2,516,002 |

See accompanying notes to basic financial statements.

# CITY OF NEWTON, KANSAS
# BALANCE SHEET
# GOVERNMENTAL FUNDS
# December 31, 2021

| | Major Funds | | | | Total |
|---|---|---|---|---|---|
| | General* | Bond & Interest | Capital Projects | Total Nonmajor Funds | Governmental Funds |
| Assets: | | | | | |
| Cash and investments | $ 6,116,776 | $ 1,252,910 | $ - | $ 1,446,400 | $ 8,816,086 |
| Due from other funds | 6,185,463 | - | 2,529,423 | - | 8,714,886 |
| Receivables: | | | | | |
| Property tax | 5,648,079 | 1,241,193 | - | 817,814 | 7,707,086 |
| Special assessment tax | - | 7,774,271 | - | - | 7,774,271 |
| Sales tax | 1,114,294 | - | - | - | 1,114,294 |
| Franchise tax | 149,526 | - | - | - | 149,526 |
| Accounts | 394,399 | - | - | 171,211 | 565,610 |
| Due from other governments | - | - | 39,287 | 20,614 | 59,901 |
| Other | 109,226 | - | - | 381,472 | 490,698 |
| Prepaid items | 370,825 | - | - | - | 370,825 |
| Inventory | - | - | - | 44,747 | 44,747 |
| Restricted assets: | | | | | |
| Cash and investments | - | - | - | 144,808 | 144,808 |
| Total assets | $ 20,088,588 | $ 10,268,374 | $ 2,568,710 | $ 3,027,066 | $ 35,952,738 |
| Liabilities: | | | | | |
| Accounts payable | $ 569,170 | $ - | $ 213,613 | $ 23,345 | $ 806,128 |
| Accrued expenses | 218,468 | - | - | 8,202 | 226,670 |
| Due to other funds | - | - | 6,185,463 | - | 6,185,463 |
| Unearned revenues | 109,620 | - | - | 112,514 | 222,134 |
| Total liabilities | 897,258 | - | 6,399,076 | 144,061 | 7,440,395 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue - property and special assessment taxes | 5,648,079 | 9,015,464 | - | 817,814 | 15,481,357 |
| Total deferred inflows of resources | 5,648,079 | 9,015,464 | - | 817,814 | 15,481,357 |
| Fund balances (deficit): | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | 370,825 | - | - | - | 370,825 |
| Inventory | - | - | - | 44,747 | 44,747 |
| Restricted: | | | | | |
| Airport | - | - | - | 140,466 | 140,466 |
| Debt service | - | 1,252,910 | - | - | 1,252,910 |
| Community development | - | - | - | 617,775 | 617,775 |
| Perpetual care | - | - | - | 418,216 | 418,216 |
| Law enforcement | - | - | - | 276,521 | 276,521 |
| Other purposes | - | - | - | 223,331 | 223,331 |
| Assigned: | | | | | |
| Capital asset acquisition | 6,186,917 | - | - | 344,135 | 6,531,052 |
| Other purposes | 61,401 | - | - | - | 61,401 |
| Unassigned | 6,924,108 | - | (3,830,366) | - | 3,093,742 |
| Total fund balances | 13,543,251 | 1,252,910 | (3,830,366) | 2,065,191 | 13,030,986 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 20,088,588 | $ 10,268,374 | $ 2,568,710 | $ 3,027,066 | $ 35,952,738 |

* See the General Fund Combining Balance Sheet on page 83.

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2021

| | | |
|---|---|---|
| Total fund balances in Governmental Funds Balance Sheet | | $ 13,030,986 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. | | 67,518,926 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds. | | 7,774,271 |
| Deferred outflows represent a consumption of net position that applies to a future period and so will not be recognized as an expenditure of resources until then. | | |
| Deferred charge on refunding | $ 477,082 | |
| Deferred OPEB outflow | 406,451 | |
| Deferred pension outflow | 3,777,815 | 4,661,348 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, not reported as liabilities in the funds. | | (45,374,981) |
| Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. | | |
| Deferred OPEB inflow | (410,619) | |
| Deferred pension inflow | (3,567,722) | (3,978,341) |
| Internal service funds are used by the City to charge the cost of certain activities such as employee insurance and vehicle operating costs to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position. | | 3,512,084 |
| Net position of governmental activities | | $ 47,144,293 |

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2021

| | Major Funds | | | | Total |
|---|---|---|---|---|---|
| | General* | Bond & Interest | Capital Projects | Total Nonmajor Funds | Governmental Funds |
| Revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes | $ 6,151,760 | $ 1,782,833 | $ - | $ 901,168 | $ 8,835,761 |
| Sales taxes | 6,141,365 | - | - | 80,270 | 6,221,635 |
| Franchise taxes | 1,519,599 | - | - | - | 1,519,599 |
| Excise taxes | - | - | - | 316,027 | 316,027 |
| Special assessments | - | 1,179,814 | - | - | 1,179,814 |
| Intergovernmental | 711,689 | 151,547 | 3,870,743 | 2,477,571 | 7,211,550 |
| Licenses and permits | 268,673 | - | - | - | 268,673 |
| Charges for services | 2,192,573 | - | - | 1,344,807 | 3,537,380 |
| Fines, forfeitures and penalties | 515,930 | - | - | - | 515,930 |
| Interest | 4,039 | - | - | 17 | 4,056 |
| Other | 114,520 | 900 | 571,983 | 43,148 | 730,551 |
| Total revenues | 17,620,148 | 3,115,094 | 4,442,726 | 5,163,008 | 30,340,976 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 2,662,085 | - | - | 1,212,826 | 3,874,911 |
| Public safety | 10,419,040 | - | - | 68,068 | 10,487,108 |
| Highway and streets | 2,852,039 | - | - | - | 2,852,039 |
| Culture and recreation | 1,136,918 | - | - | - | 1,136,918 |
| Airport | - | - | - | 1,451,698 | 1,451,698 |
| Capital outlay | 1,052,328 | - | 7,197,374 | 37,085 | 8,286,787 |
| Debt service: | | | | | |
| Principal | - | 3,114,212 | - | - | 3,114,212 |
| Interest | - | 984,137 | 101,047 | - | 1,085,184 |
| Total expenditures | 18,122,410 | 4,098,349 | 7,298,421 | 2,769,677 | 32,288,857 |
| Excess (deficiency) of revenues over (under) expenditures | (502,262) | (983,255) | (2,855,695) | 2,393,331 | (1,947,881) |
| Other financing sources (uses): | | | | | |
| Transfers in | 4,495,238 | 3,164,177 | 502,846 | 58,300 | 8,220,561 |
| Transfers out | (2,348,573) | (1,584,701) | (210,923) | (2,172,968) | (6,317,165) |
| General obligation bonds issued | - | - | 3,369,009 | - | 3,369,009 |
| Premium on general obligation bonds | - | - | 350,187 | - | 350,187 |
| Payment to refunded bond escrow agent | - | - | (3,643,087) | - | (3,643,087) |
| Sale of capital assets | 78,243 | - | - | 24,075 | 102,318 |
| Total other financing sources (uses) | 2,224,908 | 1,579,476 | 368,032 | (2,090,593) | 2,081,823 |
| Net change in fund balances | 1,722,646 | 596,221 | (2,487,663) | 302,738 | 133,942 |
| Fund balances, beginning of year | 11,820,605 | 656,689 | (1,342,703) | 1,762,453 | 12,897,044 |
| Fund balances, end of year | $ 13,543,251 | $ 1,252,910 | $ (3,830,366) | $ 2,065,191 | $ 13,030,986 |

* See the General Fund Combining Statement of Revenues, Expenditures and Changes in Fund Balances on page 84.

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | $ | 133,942 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | 3,822,821 |
| The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals, donations) is to decrease net position. | | (3,004,973) |
| Revenues in the statement of activities that do not provide current financial resources are not not reported as revenues in the funds. | | (1,102,285) |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | | 3,023,081 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | 259,560 |
| Internal service funds are used by the City to charge the cost of certain activities such as employee insurance and vehicle operating costs to individual funds. The net revenue of the internal service funds is reported with governmental activities. | | 124,524 |
| Change in net position of governmental activities | $ | 3,256,670 |

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - FUNDS INCLUDED IN THE GENERAL FUND
GENERAL FUND
Year Ended December 31, 2021

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Revenues and other sources: | | | | |
| Property tax | $ 5,945,215 | $ 5,945,215 | $ 5,926,141 | $ (19,074) |
| Sales tax | 5,250,000 | 5,250,000 | 6,141,365 | 891,365 |
| Franchise tax | 1,600,000 | 1,600,000 | 1,519,599 | (80,401) |
| PILOT | 642,634 | 642,634 | 625,634 | (17,000) |
| Intergovernmental | 273,000 | 273,000 | 646,588 | 373,588 |
| Licenses and permits | 200,550 | 200,550 | 268,673 | 68,123 |
| Charges for services | 2,337,500 | 2,337,500 | 2,192,573 | (144,927) |
| Fines and fees | 506,740 | 506,740 | 515,930 | 9,190 |
| Interest | 400,000 | 400,000 | 4,039 | (395,961) |
| Other | 47,500 | 47,500 | 29,567 | (17,933) |
| Transfers in | 1,684,476 | 3,123,657 | 3,090,985 | (32,672) |
| Total revenues and other sources | 18,887,615 | 20,326,796 | 20,961,094 | 634,298 |
| Expenditures and other uses: | | | | |
| Current: | | | | |
| General government | 2,787,748 | 2,787,748 | 2,493,278 | (294,470) |
| Public safety | 10,671,433 | 10,671,433 | 10,423,136 | (248,297) |
| Highway and streets | 2,442,058 | 2,442,058 | 2,305,825 | (136,233) |
| Parks and cemeteries | 1,398,292 | 1,398,292 | 1,136,918 | (261,374) |
| Capital outlay | 39,289 | 39,289 | 72,514 | 33,225 |
| Transfers out | 2,985,200 | 2,985,200 | 3,867,772 | 882,572 |
| Total expenditures and other uses | 20,324,020 | 20,324,020 | 20,299,443 | (24,577) |
| Revenues (expenditures) not subject to budget: | | | | |
| Transfers in - stormwater reimbursement | - | - | 554,612 | 554,612 |
| Reimbursed expenses | - | - | (554,612) | (554,612) |
| Total revenues (expenditures) not subject to budget | - | - | - | - |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (1,436,405) | 2,776 | 661,651 | 658,875 |
| Fund balances, beginning of year | 1,436,405 | 1,436,405 | 5,688,229 | 4,251,824 |
| Fund balances, end of year | $ - | $ 1,439,181 | 6,349,880 | $ 4,910,699 |
| Reconciliation to GAAP: | | | | |
| Plus encumbrances outstanding at December 31, 2021 | | | 61,401 | |
| Fund balance on the basis of GAAP - General Fund only | | | 6,411,281 | |
| Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials: | | | | |
| Capital Improvement Reserve | | | 2,959,553 | |
| Admin Contingency | | | 945,053 | |
| Municipal Equipment Reserve | | | 3,227,364 | |
| | | | $ 13,543,251 | |

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - FUNDS INCLUDED IN THE GENERAL FUND
RHID FUND
Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| Revenues and other sources: | | | | |
| Property taxes | $ 40,000 | $ 55,000 | $ 50,612 | $ (4,388) |
| Expenditures and other uses: | | | | |
| Expense reimbursement | 40,000 | 55,000 | 50,612 | (4,388) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | - | - | - | - |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | $ - | $ - | $ - | $ - |

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - FUNDS INCLUDED IN THE GENERAL FUND
RHID 2 FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues and other sources: | | | |
| Property taxes | $ 50,000 | $ 45,194 | $ (4,806) |
| Expenditures and other uses: | | | |
| Expense reimbursement | 50,000 | 45,194 | (4,806) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | - | - | - |
| Fund balances, beginning of year | - | - | - |
| Fund balances, end of year | $ - | $ - | $ - |

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
December 31, 2021

| | Business-Type Activities | | | |
|---|---|---|---|---|
| | Sewer | Sanitation | Waterworks | Golf Course |
| Assets: | | | | |
| Current assets: | | | | |
| Cash and investments | $ 11,786,506 | $ 1,724,001 | $ 7,514,511 | $ 783,666 |
| Accounts receivable (net of allowance for uncollectibles) | 1,115,474 | 324,389 | 562,918 | 2,670 |
| Prepaid items | - | - | - | 31,126 |
| Inventory | - | - | 97,943 | 49,406 |
| Total current assets | 12,901,980 | 2,048,390 | 8,175,372 | 866,868 |
| Noncurrent assets: | | | | |
| Restricted cash | - | - | - | - |
| Advances from other funds | - | - | - | - |
| Capital assets: | | | | |
| Capital assets, net of accumulated depreciation | 39,835,062 | 483,922 | 10,194,164 | 6,582,419 |
| Total noncurrent assets | 39,835,062 | 483,922 | 10,194,164 | 6,582,419 |
| Total assets | 52,737,042 | 2,532,312 | 18,369,536 | 7,449,287 |
| Deferred outflows of resources: | | | | |
| Deferred charge on refunding | 299,008 | - | 15,312 | - |
| Deferred outflows - OPEB | 12,991 | 2,158 | 8,621 | - |
| Deferred outflows - pension | 229,270 | 136,055 | 242,096 | - |
| Total deferred outflows of resources | 541,269 | 138,213 | 266,029 | - |
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Accounts payable | 50,278 | 26,661 | 123,319 | 5,607 |
| Accrued expenses | 23,565 | 13,789 | 25,299 | 14,570 |
| Due to other funds | - | - | - | - |
| Compensated absences | 16,446 | 23,186 | 41,053 | - |
| Unreported claims payable | - | - | - | - |
| Unearned revenue | - | - | - | 93,172 |
| Current portion of long-term debt | 1,913,250 | - | 333,012 | - |
| Accrued interest payable | 200,873 | - | 31,259 | - |
| Total current liabilities | 2,204,412 | 63,636 | 553,942 | 113,349 |
| Noncurrent liabilities: | | | | |
| Total OPEB liability | 10,978 | 19,805 | 33,164 | - |
| Net pension liability | 689,092 | 408,925 | 727,640 | - |
| State revolving fund loans payable | 11,226,248 | - | 988,962 | - |
| Advances to other funds | - | - | - | 2,138,400 |
| General obligation bonds, net | 9,005,242 | - | 2,049,981 | - |
| Total noncurrent liabilities | 20,931,560 | 428,730 | 3,799,747 | 2,138,400 |
| Total liabilities | 23,135,972 | 492,366 | 4,353,689 | 2,251,749 |
| Deferred inflows of resources: | | | | |
| Deferred inflows - OPEB | 18,516 | 3,218 | 9,907 | - |
| Deferred inflows - pension | 264,913 | 157,206 | 279,733 | - |
| Total deferred inflows of resources | 283,429 | 160,424 | 289,640 | - |
| Net position: | | | | |
| Net investment in capital assets | 17,989,330 | 483,922 | 6,837,521 | 6,582,419 |
| Unrestricted | 11,869,580 | 1,533,813 | 7,154,715 | (1,384,881) |
| Total net position | $ 29,858,910 | $ 2,017,735 | $ 13,992,236 | $ 5,197,538 |

(Continued)

CITY OF NEWTON, KANSAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
(Continued)
December 31, 2021

| | Business-Type Activities | | | Governmental Activities |
|---|---|---|---|---|
| | Public Building Commission | Meridian Center | Total | Internal Service Funds |
| Assets: | | | | |
| Current assets: | | | | |
| Cash and investments | $ - | $ 209,491 | $ 22,018,175 | $ 3,645,033 |
| Accounts receivable (net of allowance for uncollectibles) | - | - | 2,005,451 | - |
| Prepaid items | - | - | 31,126 | 20,000 |
| Inventory | - | 9,668 | 157,017 | 98,306 |
| Total current assets | - | 219,159 | 24,211,769 | 3,763,339 |
| Noncurrent assets: | | | | |
| Restricted cash | 733,426 | - | 733,426 | - |
| Advances from other funds | 2,138,400 | - | 2,138,400 | - |
| Capital assets: | | | | |
| Capital assets, net of accumulated depreciation | 4,598,982 | 2,696,922 | 64,391,471 | 561,726 |
| Total noncurrent assets | 7,470,808 | 2,696,922 | 67,263,297 | 561,726 |
| Total assets | 7,470,808 | 2,916,081 | 91,475,066 | 4,325,065 |
| Deferred outflows of resources: | | | | |
| Deferred charge on refunding | 211,640 | - | 525,960 | - |
| Deferred outflows - OPEB | - | - | 23,770 | - |
| Deferred outflows - pension | - | 33,320 | 640,741 | - |
| Total deferred outflows of resources | 211,640 | 33,320 | 1,190,471 | - |
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | 2,549 | 208,414 | 7,101 |
| Accrued expenses | - | 3,995 | 81,218 | 3,058 |
| Due to other funds | 2,529,423 | - | 2,529,423 | - |
| Compensated absences | - | 7,235 | 87,920 | 6,994 |
| Unreported claims payable | - | - | - | 151,249 |
| Unearned revenue | - | 2,000 | 95,172 | - |
| Current portion of long-term debt | 850,000 | - | 3,096,262 | - |
| Accrued interest payable | 31,668 | - | 263,800 | - |
| Total current liabilities | 3,411,091 | 15,779 | 6,362,209 | 168,402 |
| Noncurrent liabilities: | | | | |
| Total OPEB liability | - | - | 63,947 | - |
| Net pension liability | - | 100,145 | 1,925,802 | - |
| State revolving fund loans payable | - | - | 12,215,210 | - |
| Advances to other funds | - | - | 2,138,400 | - |
| General obligation bonds, net | 2,335,000 | - | 13,390,223 | - |
| Total noncurrent liabilities | 2,335,000 | 100,145 | 29,733,582 | - |
| Total liabilities | 5,746,091 | 115,924 | 36,095,791 | 168,402 |
| Deferred inflows of resources: | | | | |
| Deferred inflows - OPEB | - | - | 31,641 | - |
| Deferred inflows - pension | - | 38,500 | 740,352 | - |
| Total deferred inflows of resources | - | 38,500 | 771,993 | - |
| Net position: | | | | |
| Net investment in capital assets | 1,625,622 | 2,696,922 | 36,215,736 | 561,726 |
| Unrestricted | 310,735 | 98,055 | 19,582,017 | 3,594,937 |
| Total net position | $ 1,936,357 | $ 2,794,977 | 55,797,753 | $ 4,156,663 |
| Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time. | | | 89,847 | |
| Net position of business-type activities | | | $ 55,887,600 | |

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2021

| | Business-Type Activities | | | |
|---|---|---|---|---|
| | Sewer | Sanitation | Waterworks | Golf Course |
| Operating revenues: | | | | |
| Charges for sales and services | $ 7,764,505 | $ 2,210,092 | $ 4,682,049 | $ 1,460,077 |
| Miscellaneous | 30,879 | 29,020 | 46,511 | 14,414 |
| Total operating revenues | 7,795,384 | 2,239,112 | 4,728,560 | 1,474,491 |
| Operating expenses: | | | | |
| Personnel services | 1,547,914 | 952,145 | 1,630,444 | 614,641 |
| Contractual services | 671,046 | 424,955 | 1,263,215 | 299,127 |
| Commodities | 178,215 | 49,660 | 146,339 | 323,185 |
| Vehicle operating | 78,995 | 214,470 | 63,105 | - |
| Depreciation and amortization | 2,215,468 | 101,477 | 451,040 | 288,660 |
| Total operating expenses | 4,691,638 | 1,742,707 | 3,554,143 | 1,525,613 |
| Operating income (loss) | 3,103,746 | 496,405 | 1,174,417 | (51,122) |
| Nonoperating revenues (expenses): | | | | |
| Gain on disposal of property | 43,105 | 17,000 | - | - |
| Taxes | - | - | - | - |
| Grants | 337,681 | - | 4,691 | - |
| Other | (46,946) | - | (23,434) | - |
| Interest income | - | - | 3,532 | 162 |
| Interest and fiscal charges | (563,254) | - | (47,652) | (41,031) |
| Total nonoperating revenues (expenses) | (229,414) | 17,000 | (62,863) | (40,869) |
| Income (loss) before capital contributions and transfers | 2,874,332 | 513,405 | 1,111,554 | (91,991) |
| Capital contributions | 47,143 | - | 158,460 | 200,000 |
| Transfers in | 1,392,023 | - | 410,601 | 700,000 |
| Transfers out | (2,897,845) | (293,572) | (1,706,222) | - |
| Change in net position | 1,415,653 | 219,833 | (25,607) | 808,009 |
| Net position, beginning of year as previously stated | 28,443,257 | 1,797,902 | 14,017,843 | 4,389,529 |
| Prior period adjustment | - | - | - | - |
| Net position, beginning of year as restated | 28,443,257 | 1,797,902 | 14,017,843 | 4,389,529 |
| Net position, end of year | $ 29,858,910 | $ 2,017,735 | $ 13,992,236 | $ 5,197,538 |

(Continued)

CITY OF NEWTON, KANSAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
(Continued)
Year Ended December 31, 2021

| | Business-Type Activities | | | Governmental Activities |
|---|---|---|---|---|
| | Public Building Commission | Meridian Center | Total | Internal Service Funds |
| Operating revenues: | | | | |
| Charges for sales and services | $ 404,641 | $ 152,683 | $ 16,674,047 | $ 3,848,518 |
| Miscellaneous | - | 7,285 | 128,109 | 31,338 |
| Total operating revenues | 404,641 | 159,968 | 16,802,156 | 3,879,856 |
| Operating expenses: | | | | |
| Personnel services | - | 348,776 | 5,093,920 | 3,146,923 |
| Contractual services | 2,855 | 53,364 | 2,714,562 | 289,107 |
| Commodities | 122,400 | 43,821 | 863,620 | 443,012 |
| Vehicle operating | - | - | 356,570 | 28,294 |
| Depreciation and amortization | 181,456 | 102,035 | 3,340,136 | 58,827 |
| Total operating expenses | 306,711 | 547,996 | 12,368,808 | 3,966,163 |
| Operating income (loss) | 97,930 | (388,028) | 4,433,348 | (86,307) |
| Nonoperating revenues (expenses): | | | | |
| Gain on disposal of property | - | - | 60,105 | - |
| Taxes | 142,240 | - | 142,240 | - |
| Grants | - | - | 342,372 | - |
| Other | - | - | (70,380) | - |
| Interest income | 261 | 7 | 3,962 | - |
| Interest and fiscal charges | (142,821) | - | (794,758) | - |
| Total nonoperating revenues (expenses) | (320) | 7 | (316,459) | - |
| Income (loss) before capital contributions and transfers | 97,610 | (388,021) | 4,116,889 | (86,307) |
| Capital contributions | 100,947 | 2,798,957 | 3,305,507 | - |
| Transfers in | - | 250,000 | 2,752,624 | 241,619 |
| Transfers out | - | - | (4,897,639) | - |
| Change in net position | 198,557 | 2,660,936 | 5,277,381 | 155,312 |
| Net position, beginning of year as previously stated | 1,679,074 | 134,041 | 50,461,646 | 4,001,351 |
| Prior period adjustment | 58,726 | - | 58,726 | - |
| Net position, beginning of year as restated | 1,737,800 | 134,041 | 50,520,372 | 4,001,351 |
| Net position, end of year | $ 1,936,357 | $ 2,794,977 | $ 55,797,753 | $ 4,156,663 |
| Change in net position | | | $ 5,277,381 | |
| Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds. | | | (24,629) | |
| Change in net position of business-type activities | | | $ 5,252,752 | |

See accompanying notes to basic financial statements.

CITY OF NEWTON, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2021

| | Business-Type Activities | | | |
|---|---|---|---|---|
| | Sewer | Sanitation | Waterworks | Golf Course |
| Cash flows from operating activities: | | | | |
| Receipts from customers | $ 7,751,490 | $ 2,216,177 | $ 4,682,342 | $ 1,487,925 |
| Payments to suppliers for goods and services | (937,142) | (689,205) | (1,430,381) | (667,269) |
| Payments to employees for services | (1,636,136) | (996,683) | (1,727,995) | (612,843) |
| Payments for health benefits | - | - | - | - |
| Net cash from operating activities | 5,178,212 | 530,289 | 1,523,966 | 207,813 |
| Cash flows from noncapital financing activities: | | | | |
| Transfers in | 1,392,023 | - | 410,601 | 700,000 |
| Transfers out | (2,897,845) | (293,572) | (1,706,222) | - |
| Net cash from noncapital financing activities | (1,505,822) | (293,572) | (1,295,621) | 700,000 |
| Cash flows from capital and related financing activities: | | | | |
| Proceeds from capital grants | 337,681 | - | 4,691 | - |
| Proceeds from sales of capital assets | 43,105 | 17,000 | - | - |
| Proceeds from taxes | - | - | - | - |
| Payments for capital assets | (23,143) | (19,964) | (118,615) | - |
| G.O. bond principal payments | (1,022,576) | - | (218,212) | - |
| Payment for defeasance of bonds | (1,184,810) | - | (1,622,103) | - |
| Revolving loan principal payments | (2,018,176) | - | (121,277) | - |
| Receipts (payments) on advances to/from other funds | - | - | - | (600,000) |
| Other receipts (payments) | (46,946) | - | (23,434) | - |
| Interest and fees paid on capital debt | (637,375) | - | (108,980) | (41,031) |
| Proceeds from general obligation bonds | 1,094,698 | - | 1,501,293 | - |
| Proceeds from general obligation bond premiums | 113,183 | - | 156,807 | - |
| Net cash from capital and related financing activities | (3,344,359) | (2,964) | (549,830) | (641,031) |
| Cash flows from investing activities: | | | | |
| Interest received | - | - | 3,532 | 162 |
| Net change in cash and cash equivalents | 328,031 | 233,753 | (317,953) | 266,944 |
| Cash and cash equivalents, beginning of year | 11,458,475 | 1,490,248 | 7,832,464 | 516,722 |
| Cash and cash equivalents, end of year | $ 11,786,506 | $ 1,724,001 | $ 7,514,511 | $ 783,666 |

(Continued)

CITY OF NEWTON, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
Year Ended December 31, 2021

| | Business-Type Activities | | | Governmental Activities |
|---|---|---|---|---|
| | Public Building Commission | Meridian Center | Total | Internal Service Funds |
| Cash flows from operating activities: | | | | |
| Receipts from customers | $ 429,662 | $ 180,086 | $ 16,747,682 | $ 3,879,856 |
| Payments to suppliers for goods and services | (125,255) | (122,206) | (3,971,458) | (784,885) |
| Payments to employees for services | - | (232,221) | (5,205,878) | (218,395) |
| Payments for health benefits | - | - | - | (2,891,082) |
| Net cash from operating activities | 304,407 | (174,341) | 7,570,346 | (14,506) |
| Cash flows from noncapital financing activities: | | | | |
| Transfers in | - | 250,000 | 2,752,624 | 241,619 |
| Transfers out | - | - | (4,897,639) | - |
| Net cash from noncapital financing activities | - | 250,000 | (2,145,015) | 241,619 |
| Cash flows from capital and related financing activities: | | | | |
| Proceeds from capital grants | - | - | 342,372 | - |
| Proceeds from sales of capital assets | - | - | 60,105 | - |
| Proceeds from taxes | 142,240 | - | 142,240 | - |
| Payments for capital assets | (2,529,423) | - | (2,691,145) | (114,242) |
| G.O. bond principal payments | (855,000) | - | (2,095,788) | - |
| Payment for defeasance of bonds | - | - | (2,806,913) | - |
| Revolving loan principal payments | - | - | (2,139,453) | - |
| Receipts (payments) on advances to/from other funds | 3,007,023 | - | 2,407,023 | - |
| Other receipts (payments) | - | - | (70,380) | - |
| Interest and fees paid on capital debt | (98,077) | - | (885,463) | - |
| Proceeds from general obligation bonds | - | - | 2,595,991 | - |
| Proceeds from general obligation bond premiums | - | - | 269,990 | - |
| Net cash from capital and related financing activities | (333,237) | - | (4,871,421) | (114,242) |
| Cash flows from investing activities: | | | | |
| Interest received | 261 | 7 | 3,962 | - |
| Net change in cash and cash equivalents | (28,569) | 75,666 | 557,872 | 112,871 |
| Cash and cash equivalents, beginning of year | 761,995 | 133,825 | 22,193,729 | 3,532,162 |
| Cash and cash equivalents, end of year | $ 733,426 | $ 209,491 | $ 22,751,601 | $ 3,645,033 |

(Continued)

CITY OF NEWTON, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
Year Ended December 31, 2021

| | Business-Type Activities | | | |
|---|---|---|---|---|
| | Sewer | Sanitation | Waterworks | Golf Course |
| Reconciliation of operating income (loss) to net cash from operating activities: | | | | |
| Operating income (loss) | $ 3,103,746 | $ 496,405 | $ 1,174,417 | $ (51,122) |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: | | | | |
| Depreciation and amortization | 2,215,468 | 101,477 | 451,040 | 288,660 |
| Changes in: | | | | |
| Accounts receivable (net of allowance for uncollectibles) | (43,894) | (22,935) | (46,218) | 9,996 |
| Inventory | - | - | (5,724) | 33 |
| Prepaid items | - | - | - | (29,047) |
| Accounts payable | (8,886) | (120) | 48,002 | (15,943) |
| Accrued expenses | 3,293 | (34) | 6,323 | 1,798 |
| Compensated absences | (4,916) | 73 | 2,840 | - |
| Total OPEB liability | (9,440) | 1,690 | (2,096) | - |
| Net pension liability | (318,587) | (186,728) | (362,218) | - |
| Deferred outflows - pension | 20,140 | 11,375 | 27,654 | - |
| Deferred outflows - OPEB | (8,434) | 1,510 | (1,873) | - |
| Deferred inflows - pension | 218,259 | 129,628 | 229,274 | - |
| Deferred inflows - OPEB | 11,463 | (2,052) | 2,545 | - |
| Unearned revenue | - | - | - | 3,438 |
| Unreported claims payable | - | - | - | - |
| Net cash from operating activities | $ 5,178,212 | $ 530,289 | $ 1,523,966 | $ 207,813 |

Noncash capital financing activities:

Contributions of capital assets of $ 47,143, $ 158,460, and $ 200,000 were received in the sewer fund, waterworks fund, and golf course fund, respectively, from other governmental funds.

(Continued)

CITY OF NEWTON, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
Year Ended December 31, 2021

| | Business-Type Activities | | | Governmental Activities |
|---|---|---|---|---|
| | Public Building Commission | Meridian Center | Total | Internal Service Funds |
| Reconciliation of operating income (loss) to net cash from operating activities: | | | | |
| Operating income (loss) | $ 97,930 | $ (388,028) | $ 4,433,348 | $ (86,307) |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: | | | | |
| Depreciation and amortization | 181,456 | 102,035 | 3,340,136 | 58,827 |
| Changes in: | | | | |
| Accounts receivable (net of allowance for uncollectibles) | 25,021 | 22,268 | (55,762) | - |
| Inventory | - | (4,913) | (10,604) | (23,512) |
| Prepaid items | - | - | (29,047) | - |
| Accounts payable | - | (20,108) | 2,945 | (1,967) |
| Accrued expenses | - | 3,995 | 15,375 | 428 |
| Compensated absences | - | 7,235 | 5,232 | - |
| Total OPEB liability | - | - | (9,846) | - |
| Net pension liability | - | - | (867,533) | - |
| Deferred outflows - pension | - | (33,320) | 25,849 | - |
| Deferred outflows - OPEB | - | - | (8,797) | - |
| Deferred inflows - pension | - | 138,645 | 715,806 | - |
| Deferred inflows - OPEB | - | - | 11,956 | - |
| Unearned revenue | - | (2,150) | 1,288 | - |
| Unreported claims payable | - | - | - | 38,025 |
| Net cash from operating activities | $ 304,407 | $ (174,341) | $ 7,570,346 | $ (14,506) |

Noncash capital financing activities:

Contributions of capital assets of $ 100,947 and $ 2,798,957 were received in the public building commission fund and the Meridian Center fund, respectively, from other governmental funds.

See accompanying notes to basic financial statements.

## 1 - Summary of Significant Accounting Policies

### Reporting Entity

The City of Newton, Kansas (the City) was originally incorporated in 1871 under the laws of the State of Kansas. The City operates under a commission-manager form of government and provides services to its citizens in the areas of public safety, public works, community planning and development, water, wastewater and sanitation utilities, recreation, cultural and social assistance and municipal facilities.

Accounting principles generally accepted in the United States of America require that these financial statements present the City (the primary government) and its component units. The component units described below are included in the City's reporting entity because of their operational significance or financial relationships with the City.

*Discretely Presented Component Units.* The Newton Public Library (the Library), although a separate legal entity, is reported as a discrete component unit. The Library is governed by a Board, the appointees of which are approved by the City. The Library is not a separate taxing entity under State statutes and the City levies taxes for the Library operation, which represents a significant portion of its total revenues. The Library is presented as a governmental fund type. Separately issued financial statements for the Library are not available.

The Housing Authority of the City of Newton, Kansas, although a separate legal entity, is reported as a discrete component unit. The Housing Authority is governed by a Board, the appointees of which are approved by the City. The City also has the ability to remove appointed Board members at will and override or modify decisions of the governing board. The Housing Authority is presented as a proprietary fund type. Separately issued financial statements are available from the Housing Authority.

*Blended Component Unit.* The Newton Public Building Commission (NPBC) was formed under Kansas statutes during 2005 to provide debt financing for City facilities. The NPBC is a separate legal entity, governed by a Board which is appointed by the City Commission. The NPBC is included as a blended component unit because the NPBC's debt is repayable almost entirely from the City's resources. The financial statements of the NPBC have been included within the City's reporting entity as a proprietary fund. Separately issued financial statements for the NPBC are not available.

### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 60-day availability period is used for revenue recognition for all governmental funds revenues except property taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes receivable are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by unavailable revenue accounts.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The bond and interest fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The capital projects fund accounts for the acquisition and construction of city streets and other significant capital projects through capital grant funding and issuance of general obligation debt.

The City reports the following major proprietary funds:

The sewer fund accounts for the operation and maintenance activities of the City's wastewater collection and treatment systems.

The sanitation fund accounts for the operations of the City's trash collection and recycling utility.

The waterworks fund accounts for the operation and maintenance activities of the City's water distribution system.

The golf course fund accounts for the activities of the Sand Creek Station Golf Course.

The public building commission fund accounts for the activities of the Newton Public Building Commission (NPBC) blended component unit which provides financing for certain public buildings and facilities in the City.

The Meridian Center fund accounts for the activities of the Meridian Center, an event center under the operations of the City.

Additionally, the City reports the following fund types:

The internal service funds account for the financing of goods and services provided by one fund to other funds of the City on a cost reimbursement basis and to account for the City's self-insurance activities relating to employee health coverage.

The permanent fund account is used to account for the activities of the City's cemetery and mausoleum activities. The resources of this fund are restricted to the extent that only earnings, and not the principal, may be used for purposes that support the cemetery program.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Pooled Cash and Investments

Cash and investments of the individual funds are combined to form a pool that is managed by the Director of Finance. Each fund's equity in the pool is included in "cash and investments" in the financial statements. These pooled deposits and investments consist of operating accounts and non-negotiable certificates of deposit which are recorded at cost because they are not affected by market rate changes. The City also has funds invested in the Kansas Municipal Investment Pool (MIP) which is overseen by the State of Kansas. The fair value of the City's position in the MIP is the same as the pool value of the shares. Investment earnings, including interest income, are allocated based on management discretion and upon their average daily equity balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund.

Cash Flows Statement

For purposes of the statement of cash flows, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade accounts receivable are shown net of an allowance for uncollectibles. Management records a trade accounts receivable allowance based on percentages of collection estimated from the aging of the accounts receivable. At December 31, 2021, management has determined that no allowance for uncollectible receivables is necessary.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds unavailable revenue is reported as follows:

| | | |
|---|---|---|
| General fund property tax receivable | $ | 5,648,079 |
| Bond and interest fund property tax receivable | | 1,241,193 |
| Bond and interest fund special assessments receivable | | 7,774,271 |
| Nonmajor governmental fund property tax receivable | | 817,814 |
| | $ | 15,481,357 |

Property Taxes

In accordance with governing State statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities in the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property and are recorded as taxes receivable with a corresponding amount recorded as unavailable revenue on the balance sheet of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Special Assessments

In accordance with State statutes, projects financed in part by special assessments are financed through issuance of general obligation bonds of the City and are retired from the bond and interest fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the bond and interest fund. The special assessments receivable are not recorded as revenue in the fund financial statements when levied against the respective property owners as such amounts are not available as a resource to finance current year operations.

Restricted Assets

Restricted cash is set aside in the community development fund for community development programs and in the public building commission fund for debt service.

Inventories

Inventories that benefit future periods are recorded as expenditures or expenses as consumed. Inventories are stated at cost, as determined by the first-in, first-out method.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items), and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City capitalizes purchases of assets with a cost of $ 1,000 or more and an estimated useful life in excess of one year. All costs of land are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Buildings | 30 – 50 years |
| Improvements other than buildings | 15 – 30 years |
| General infrastructure | 30 – 50 years |
| Machinery | 5 – 15 years |
| Office equipment and furniture | 5 – 12 years |
| Water treatment plant | 30 years |
| Water and sewer mains | 30 – 50 years |

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has several items that qualify for reporting in this category. One item, deferred charge on refunding, is reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other two items are deferred outflows for pension and other postemployment benefits (OPEB) reported in the government-wide and proprietary fund statements of net position. See Notes 6 and 8 for more information on the deferred outflows for the pension and OPEB.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. One item, unavailable revenue/deferred receivable, is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. Governmental activities report a deferred receivable only from property taxes. The other two items are deferred inflows for pension and other postemployment benefits (OPEB). See Notes 6 and 8 for more information on the deferred inflows for the pension and OPEB.

Compensated Absences

The City's policies regarding vacation and sick leave permit employees to accumulate a maximum of 10 to 18 days of vacation leave (depending on the number of years of continuous service) and a maximum accumulation of 90 days sick leave. Policies require the cancellation of accumulated sick leave on the date of employment termination. All vacation leave is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental fund financial statements, a liability is accrued when it has matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts and refunding differences are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. KPERS investments are reported at fair value.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2021, fund balances for governmental funds are made up of the following:

*Nonspendable fund balances* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid items, and long-term notes receivable.

*Restricted fund balances* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

*Committed fund balances* – includes amounts that can be used only for specific purposes determined by a formal action of the City Commission. The City Commission is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved through a majority vote by a quorum of the Commission.

*Assigned fund balances* – includes amounts the City intends to use for a specific purpose that is neither restricted nor committed as directed by the City Commission.

*Unassigned fund balance* – is the residual classification for the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Commission has provided otherwise in its commitment or assignment actions.

The City has established a minimum fund balance policy for maintaining fund balances in governmental funds. The City strives to maintain a minimum unassigned fund balance of at least 15% of budgeted annual expenditures in the general fund.

Concentrations of Credit Risk

Credit is extended to citizens for special assessments levied by the City for capital improvements. These special assessments are secured by liens on the related properties. Unsecured credit is extended to customers for water fees, sewer fees, and charges for certain other services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pending Governmental Accounting Standards Board Statements

At December 31, 2021, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of

resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 91, *Conduit Debt Obligations*, eliminates diversity in practice associated with government issuers' financial reporting of conduit debt obligations. The Statement achieves that objective by clarifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures. The requirements for this Statement are effective for periods beginning after December 15, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* provides guidance for the financial reporting of public-private and public-public partnerships and availability payment arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Finally, the Statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements for this Statement are effective immediately except for the requirements that are related to the accounting and financial reporting for Section 457 plans, which are effective for fiscal years beginning after June 15, 2021.

2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balances – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds." The details of this $ (45,374,981) difference are as follows:

| | | |
|---|---|---|
| General obligation bonds payable | $ | (30,028,614) |
| Plus: Issuance premiums | | (1,456,167) |
| Accrued interest payable | | (299,013) |
| Compensated absences | | (575,359) |
| Total OPEB liability | | (970,981) |
| Net pension liability | | (12,044,847) |
| Net adjustment to decrease fund balances - total governmental funds to arrive at net position - governmental activities | $ | (45,374,981) |

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $ 3,822,821 difference are as follows:

| | | |
|---|---|---|
| Capital outlay | $ | 6,909,047 |
| Depreciation expense | | (3,086,226) |
| Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities | $ | 3,822,821 |

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $ 3,023,081 difference are as follows:

| | | |
|---|---|---|
| Principal repayments: | | |
| General obligation bonds | $ | 6,757,299 |
| Amortization of deferred charge on refunding | | (264,431) |
| Amortization of issuance premiums | | 249,409 |
| Debt issued: | | |
| General obligation bonds | | (3,369,009) |
| Issuance premiums | | (350,187) |
| Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities | $ | 3,023,081 |

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this $ 259,560 difference are as follows:

| | | |
|---|---|---|
| Compensated absences | $ | (14,426) |
| Accrued interest payable | | 26,407 |
| Total OPEB liability | | 64,358 |
| Pension contributions | | 183,221 |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities | $ | 259,560 |

## 3 - Stewardship, Compliance and Accountability

### Budgetary Information

Applicable Kansas statutes require an annual operating budget be legally adopted for the general fund, special revenue funds (unless exempted by a specific statute), debt service funds, and proprietary funds. A legal operating budget is not prepared for the capital projects fund, capital improvement reserve fund, admin contingency fund, municipal equipment reserve fund, community development fund, grants fund, airport/library capital improvement fund, airport/library municipal equipment reserve fund, ARPA fund, sewer special reserve fund, solid waste special reserve fund, waterworks special reserve fund, golf course special reserve fund, public building commission fund, Meridian Center special reserve fund, health benefits risk management fund, and stores and maintenance special reserve fund. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments evidenced by documents such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

The statutes provide for the following sequence and timetable in adoption of budgets:

a. Preparation of budget for the succeeding calendar year on or before August 1st.
b. Publication in a local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.

c. Public hearing on or before August 15 but at least ten days after publication of notice of hearing.
d. Adoption of final budget on or before August 25th.

If the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The City did hold a revenue neutral rate hearing for this year.

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures in an individual fund. The legal level of budgetary control is the fund level. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the City. All unencumbered appropriations lapse at the end of the year. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or cancelled. Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish, in the local newspaper, a notice of public hearing to amend the budget. At least ten days after publication, a public hearing is held and the governing body may amend the budget at that time. There were budget amendments in the following funds for 2021: general fund, RHID fund, bond & interest fund, community improvement district sales tax fund, and golf course fund.

The capital projects fund had a deficit net fund balance of $ 3,830,366 at December 31, 2021.

## 4 - Deposits and Investments

### Deposits

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. Kansas statutes require that deposits of the City be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City. At year-end, the carrying amount of the City's deposits was $ 4,475,429 and the bank balance totaled $ 4,872,199. Of the bank balance, $ 250,000 was secured by federal deposit insurance and $ 4,622,199 was collateralized by pledged securities held under joint custody receipts issued by third party banks in the City's name. The Library and the Housing Authority's deposits were not exposed to custodial credit risk.

Investments

As of December 31, 2021, the City had the following investments:

| Investment Type | Fair Value | Maturity < 1 year | Rating |
|---|---|---|---|
| Kansas Municipal Investment Pool | $30,882,099 | $ 30,882,099 | Not Rated |

*Credit Risk*

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the MIP. The City has no investment policy that would further limit its investment choices.

*Concentrations of Credit Risk*

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. As noted in the schedule above, the City's investments as of December 31, 2021 consisted entirely of amounts held by the MIP.

*Custodial Credit Risk*

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2021, the City has invested $ 30,882,099 in the MIP. The City is not exposed to custodial credit risk.

The MIP is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The fair value of the City's position in the MIP is substantially the same as the value of the pool shares. The City's investments in the MIP were not rated by a rating agency as of December 31, 2021.

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates, but state statutes do establish a two-year limitation on investment maturities. In practice, the City generally does not exceed a one-year maturity when investing idle funds. The City is not exposed to significant interest rate risk.

*Fair Value Measurement*

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Fair value measurement hierarchy information is not provided to the City for its deposits in the MIP.

## 5 - Capital Assets

Capital asset activity of the primary government for the year ended December 31, 2021 was as follows:

| | Beginning Balance | Increase | Decrease | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | $ 6,608,676 | $ - | $ - | $ (551,026) | $ 6,057,650 |
| Construction in progress | 989,635 | 6,316,157 | - | - | 7,305,792 |
| Total capital assets not being depreciated | 7,598,311 | 6,316,157 | - | (551,026) | 13,363,442 |
| Capital assets being depreciated: | | | | | |
| Buildings and structures | 31,055,066 | 15,000 | (534,220) | (3,374,250) | 27,161,596 |
| General infrastructure | 56,825,909 | - | - | - | 56,825,909 |
| Equipment | 13,579,403 | 577,890 | (504,824) | 71,260 | 13,723,729 |
| Total capital assets being depreciated | 101,460,378 | 592,890 | (1,039,044) | (3,302,990) | 97,711,234 |
| Less accumulated depreciation for: | | | | | |
| Buildings and structures | (12,302,692) | (717,079) | 349,724 | 1,134,062 | (11,535,985) |
| General infrastructure | (20,372,221) | (1,392,078) | - | - | (21,764,299) |
| Equipment | (9,682,698) | (977,069) | 483,302 | (79,001) | (10,255,466) |
| Total accumulated depreciation | (42,357,611) | (3,086,226) | 833,026 | 1,055,061 | (43,555,750) |
| Total capital assets being depreciated, net | 59,102,767 | (2,493,336) | (206,018) | (2,247,929) | 54,155,484 |
| Governmental activities capital assets, net | $ 66,701,078 | $ 3,822,821 | $ (206,018) | $ (2,798,955) | $ 67,518,926 |

| | Beginning Balance | Increase | Decrease | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Business-type activities:** | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | $ 1,082,579 | $ - | $ - | $ 551,026 | $ 1,633,605 |
| Construction in progress | 297,400 | 350,488 | (300) | - | 647,588 |
| Total capital assets not being depreciated | 1,379,979 | 350,488 | (300) | 551,026 | 2,281,193 |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 50,191,150 | 2,587,346 | (2,696) | 1,309,761 | 54,085,561 |
| Equipment | 10,743,182 | 318,889 | (625,484) | 378,706 | 10,815,293 |
| Utility service lines and infrastructure | 49,477,830 | - | - | 1,614,523 | 51,092,353 |
| Total capital assets being depreciated | 110,412,162 | 2,906,235 | (628,180) | 3,302,990 | 115,993,207 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (16,080,414) | (1,625,024) | 2,696 | (846,518) | (18,549,260) |
| Equipment | (8,086,382) | (519,444) | 625,484 | (208,543) | (8,188,885) |
| Utility service lines and infrastructure | (25,949,116) | (1,195,668) | - | - | (27,144,784) |
| Total accumulated depreciation | (50,115,912) | (3,340,136) | 628,180 | (1,055,061) | (53,882,929) |
| Total capital assets being depreciated, net | 60,296,250 | (433,901) | - | 2,247,929 | 62,110,278 |
| Business-type activities capital assets, net | $ 61,676,229 | $ (83,413) | $ (300) | $ 2,798,955 | $ 64,391,471 |

Capital asset activity of the discretely presented component units for the year ended December 31, 2021 was as follows:

| | Beginning Balance | Increase | Decrease | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Newton Public Library:** | | | | | |
| Capital assets being depreciated: | | | | | |
| Equipment | $ 640,956 | $ 90,137 | $ (149,795) | $ - | $ 581,298 |
| Less accumulated depreciation | (501,448) | (110,189) | 149,795 | - | (461,842) |
| Library capital assets, net | $ 139,508 | $ (20,052) | $ - | $ - | $ 119,456 |
| **Housing Authority:** | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | $ 119,300 | $ - | $ - | $ - | $ 119,300 |
| Construction in progress | 80,953 | 174,583 | - | - | 255,536 |
| Total capital assets not being depreciated | 200,253 | 174,583 | - | - | 374,836 |
| Capital assets being depreciated: | | | | | |
| Buildings | 8,124,087 | 13,943 | - | - | 8,138,030 |
| Equipment - dwelling | 453,274 | 7,121 | - | - | 460,395 |
| Equipment - administration | 223,662 | 13,576 | - | - | 237,238 |
| Total capital assets being depreciated | 8,801,023 | 34,640 | - | - | 8,835,663 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (6,117,730) | (209,804) | - | - | (6,327,534) |
| Equipment - dwelling | (454,110) | (742) | - | - | (454,852) |
| Equipment - administration | (180,490) | (51,229) | - | - | (231,719) |
| Total accumulated depreciation | (6,752,330) | (261,775) | - | - | (7,014,105) |
| Total capital assets being depreciated, net | 2,048,693 | (227,135) | - | - | 1,821,558 |
| Housing Authority capital assets, net | $ 2,248,946 | $ (52,552) | $ - | $ - | $ 2,196,394 |

Depreciation expense was charged to functions/programs of the primary government as follows:

| | | |
|---|---|---|
| Governmental activities: | | |
| General government | $ | 970,520 |
| Public safety | | 723,417 |
| Highway and streets | | 1,241,037 |
| Culture and recreation | | 151,252 |
| Total depreciation expense - governmental activities | $ | 3,086,226 |
| Business-type activities: | | |
| Sewer | $ | 2,215,468 |
| Sanitation | | 101,477 |
| Waterworks | | 451,040 |
| Golf course | | 288,660 |
| Meridian Center | | 102,035 |
| Public building commission | | 181,456 |
| Total depreciation expense - business-type activities | $ | 3,340,136 |
| Component units: | | |
| Newton Public Library | $ | 110,189 |
| Housing Authority | $ | 261,775 |

6 - Defined Benefit Pension Plan

General Information About the Pension Plan

*Description of Pension Plan*. The City, the Library, and the Housing Authority participate in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides pension benefits to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
  - State/School employees
  - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City are included in both the Local and Police and Firemen employee groups.

KPERS issues a stand-alone annual comprehensive financial report, which is available on the KPERS website at www.kpers.org.

*Benefits Provided*. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees (except police and firemen) with ten or more years of credited service may retire as early as age 55 (police and firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points (police and firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan was created for new hires starting January 1, 2015. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state-wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. KPERS is funded on an actuarial reserve basis.

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the KPERS fiscal year ended June 30, 2021.

The actuarially determined employer contribution rate (not including the 1.0% contribution rate for the Death and Disability Program) and the statutory contribution rate were 8.87% for KPERS and 22.80% for KP&F for the year ended December 31, 2021. Contributions to the Pension Plan from the City were $ 557,997 for KPERS and $ 1,312,456 for KP&F for the year ended December 31, 2021. Contributions from the Library for KPERS were $ 31,807 for the year ended December 31, 2021. Contributions from the Housing Authority for KPERS were $ 20,062 for the year ended June 30, 2021.

Summary of Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the City reported a total net pension liability of $ 13,970,649 ($ 3,974,003 for KPERS and $ 9,996,646 for KP&F), and the Library reported a liability of $ 226,528 for KPERS for their proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2021, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021.

At June 30, 2021, the Housing Authority reported a liability of $ 210,032 for KPERS for its proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2020, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020.

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and non-employer allocations are applied to amounts

presented in the schedules of pension amounts by employer and non-employer. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS and KP&F, relative to the total employer and non-employer contributions of the Local group and Police and Firemen group within KPERS for the KPERS fiscal year ended June 30, 2021. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2021, the City's proportion for KPERS was 0.331179%, which was an increase of 0.004269% from its proportion measured as of June 30, 2020. At June 30, 2021, the City's proportion for KP&F was 1.047598%, which was an increase of 0.028021% from its proportion measured as of June 30, 2020. At June 30, 2021, the Library's proportion for KPERS was 0.018878%, which is a decrease of 0.000397% from its proportion measured as of June 30, 2020.

At June 30, 2020, the Housing Authority's proportion for KPERS was 0.012115%, which was a decrease of 0.000807% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2021, the City recognized total pension expense of $ 247,985 for KPERS and $ 1,423,187 for KP&F, and $ 19,096 for the Library. For the year ended June 30, 2021, the Housing Authority recognized pension expense of $ 19,362. At December 31, 2021, the City and the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| City | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 945,673 | $ 35,983 |
| Net difference between projected and actual earnings on pension plan investments | - | 4,033,790 |
| Changes of assumptions | 2,053,874 | - |
| Changes in proportionate share | 319,584 | 238,301 |
| City contributions subsequent to measurement date | 1,099,425 | - |
| Total | $ 4,418,556 | $ 4,308,074 |

| Library | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 8,942 | $ 2,051 |
| Net difference between projected and actual earnings on pension plan investments | - | 80,439 |
| Changes of assumptions | 44,592 | - |
| Changes in proportionate share | 9,773 | 9,159 |
| Library contributions subsequent to measurement date | 14,784 | - |
| Total | $ 78,091 | $ 91,649 |

At June 30, 2021, the Housing Authority reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

| Housing Authority | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 3,507 | $ 2,700 |
| Net difference between projected and actual earnings on pension plan investments | 24,506 | - |
| Changes of assumptions | 12,651 | - |
| Changes in proportionate share | - | 21,111 |
| Housing Authority contributions subsequent to measurement date | 20,062 | - |
| Total | $ 60,726 | $ 23,811 |

The $ 1,099,425 for the City, $ 14,784 for the Library, and $ 20,062 for the Housing Authority reported as deferred outflows of resources related to pensions resulting from the respective entity's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2022 for the City and the Library and the year ended June 30, 2022 for the Housing Authority. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | Year Ended December 31 | | Year Ended June 30 |
|---|---|---|---|
| | City | Library | Housing Authority |
| 2022 | $ 3,703 | $ (3,187) | $ 216 |
| 2023 | (53,473) | (3,119) | 3,668 |
| 2024 | (174,343) | (3,822) | 5,946 |
| 2025 | (860,152) | (19,605) | 6,901 |
| 2026 | 95,322 | 1,391 | 122 |
| | $ (988,943) | $ (28,342) | $ 16,853 |

*Actuarial assumptions*. The total pension liability for KPERS in the December 31, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | 2020 | 2019 |
|---|---|---|
| Price inflation | 2.75 percent | 2.75 percent |
| Wage inflation | 2.75 percent | 2.75 percent |
| Salary increases, including price inflation | 3.50 to 12.00 percent | 3.25 to 11.75 percent |
| Long-term rate of return net of investment expense, and including price inflation | 7.25 percent | 7.50 percent |

Changes in actuarial assumptions and methods in the December 31, 2020 actuarial valuation were as follows:

Both Groups

- Investment return assumption was lowered from 7.50% to 7.25%.

Mortality rates were based on the RP-2014 Mortality Tables, as appropriate, with adjustments for mortality improvements based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

The actuarial assumptions used in the December 31, 2020 and December 31, 2019 valuations were based on the results of an actuarial experience study conducted for the three-year period ending December 31, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are

combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of the most recent experience study, dated January 7, 2020 are summarized in the following tables:

| | December 31, 2020 | |
|---|---|---|
| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
| U.S. Equities | 23.50% | 5.20% |
| Non-U.S. Equities | 23.50% | 6.40% |
| Private Equity | 8.00% | 9.50% |
| Private Real Estate | 11.00% | 4.45% |
| Yield Driven | 8.00% | 4.70% |
| Real Return | 11.00% | 3.25% |
| Fixed Income | 11.00% | 1.55% |
| Cash | 4.00% | 0.25% |
| Total | 100% | |

| | December 31, 2019 | |
|---|---|---|
| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
| U.S. Equities | 23.50% | 5.20% |
| Non-U.S. Equities | 23.50% | 6.40% |
| Private Equity | 8.00% | 9.50% |
| Private Real Estate | 11.00% | 4.45% |
| Yield Driven | 8.00% | 4.70% |
| Real Return | 11.00% | 3.25% |
| Fixed Income | 11.00% | 1.55% |
| Short Term Investments | 4.00% | 0.25% |
| Total | 100% | |

*Discount rate*. The discount rate used by KPERS to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KPERS. Future employer contribution rates were also modeled for KP&F assuming all

actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KP&F. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's proportionate share of the collective net pension liability to changes in the discount rate*. The following presents the City's and Library's proportionate share of the collective net pension liability calculated using the discount rate of 7.25% as well as what the proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| City's KPERS proportionate share of the collective net pension liability | $ 6,536,849 | $ 3,974,003 | $ 1,824,732 |
| City's KP&F proportionate share of the collective net pension liability | 15,004,009 | 9,996,646 | 5,807,985 |
| Library's KPERS proportionate share of the collective net pension liability | 372,616 | 226,528 | 104,014 |

The following presents the Housing Authority's proportionate share of the collective net pension liability calculated using the discount rate of 7.50% as well as what the proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|---|---|---|
| Housing Authority's KPERS proportionate share of the collective net pension liability | $ 295,599 | $ 210,032 | $ 138,093 |

*Pension plan fiduciary net position*. Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

## 7 - Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Assets of the plan, valued at current market prices, are held in trust for the benefit of the participants.

All amounts of compensation deferred under the plan as well as earnings attributable to those amounts, are solely the property of the participant employees. Accordingly, the assets and related liabilities for the plan are not recorded in the accompanying financial statements.

8 - Other Postemployment Benefits

Health Insurance

Plan Description, Benefits Provided and Contributions. The City provides postemployment health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the City. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The medical insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. A retiring employee who waives continuing participation in the City's health insurance program at the time of retirement is not eligible to participate at a later date. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a stand-alone financial report.

Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 100 percent of the blended premium cost of active employees to maintain coverage. In 2021, retired plan members receiving benefits contributed $ 91,062 to the plan and the City contributed $ 208,709.

Employees Covered by Benefit Terms. At December 31, 2021, the following employees were covered by the benefit terms:

| | |
|---|---|
| Active plan members | 206 |
| Inactive employees or beneficiary currently receiving benefits | 14 |
| | 220 |

Total OPEB Liability

The City's total OPEB liability of $ 836,188 was measured as of December 31, 2021 and was determined by an actuarial valuation performed as of January 1, 2022.

Actuarial Assumption and Other Inputs. The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Discount rate | 2.04 percent |
| Salary increases | 2.00 percent per year |
| Healthcare cost trend rates | 6.00 percent for 2021, decreasing 0.5 percent for year 2, then decreasing 0.25 percent per year through year 4, then decreasing 0.1 percent per year through year 8 to an ultimate rate of 4.50 percent for year 9. |
| Actuarial cost method | Entry Age Normal - Level Percent-of-Pay |

The discount rate was based on the average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General and Public Safety Mortality Tables using Scale MP-2021 Full Generational Improvement.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|---|
| Balance at December 31, 2020 | $ 1,004,582 |
| Changes for the year: | |
| Service cost | 70,434 |
| Interest | 19,025 |
| Differences between actual and expected experience | 188,908 |
| Changes in assumptions or other inputs | (238,052) |
| Benefit payments | (208,709) |
| Net changes | (168,394) |
| Balance at December 31, 2021 | $ 836,188 |

Changes of assumptions and other inputs reflect a change in the discount rate from 1.96 percent in 2020 to 2.04 percent in 2021. Additionally, the census data was updated from January 1, 2019 to January 1, 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.04 percent) or 1-percentage-point higher (3.04 percent) than the current discount rate:

| | 1% Decrease (1.04%) | Discount Rate (2.04%) | 1% Increase (3.04%) |
|---|---|---|---|
| Total OPEB liability | $ 938,077 | $ 836,188 | $ 746,119 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 722,266 | $ 836,188 | $ 975,703 |

OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB

For the year ended December 31, 2021, the City recognized OPEB expense of $ 94,351. At December 31, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Changes in assumptions or other inputs | $ 195,353 | $ 372,385 |
| Differences between expected and actual experience | 222,939 | - |
| | $ 418,292 | $ 372,385 |

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended December 31, | |
|---|---|
| 2022 | $ 4,892 |
| 2023 | 4,892 |
| 2024 | 4,892 |
| 2025 | 4,892 |
| 2026 | 4,892 |
| 2027 and Therafter | 21,447 |
| | $ 45,907 |

Disability Benefits and Life Insurance

Plan Description, Benefits Provided and Contributions. The City and the Library participate in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended December 31, 2021 totaled $ 11,466 and $ 0 for the City and the Library, respectively.

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66⅔ percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of $ 100 and a maximum of $ 5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65$^{th}$ birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Employees Covered by Benefit Terms. As of the valuation date of December 31, 2020, the following employees were covered by the benefit terms.

| | |
|---|---|
| City | |
| Active plan members | 113 |
| Inactive employees or beneficiary currently receiving benefits | 1 |
| | 114 |
| Library | |
| Active plan members | 8 |
| Inactive employees or beneficiary currently receiving benefits | 0 |
| | 8 |

Total OPEB Liability

The total OPEB liability for the City and the Library of $ 198,740 and $ 5,838, respectively, was measured as of June 30, 2021 and was determined by an actuarial valuation performed as of December 31, 2020.

| | Total OPEB Liability | |
|---|---|---|
| | City | Library |
| Balance at December 31, 2020 | $ 195,541 | $ 5,148 |
| Changes for the year: | | |
| Service cost | 24,733 | 1,144 |
| Interest | 4,742 | 139 |
| Differences between actual and expected experience | (15,110) | (603) |
| Changes in assumptions or other inputs | 300 | 10 |
| Benefit payments | (11,466) | - |
| Net changes | 3,199 | 690 |
| Balance at December 31, 2021 | $ 198,740 | $ 5,838 |

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Discount rate | 2.16 percent |
| Implicit inflation rate | 2.75 percent |
| Mortality rates | Local Males: 90% of RP-2014 M Total Dataset +2<br>Local Females: 90% of RP-2014 F Total Dataset +1<br>Generational mortality improvements were projected for future years using MP-2021. |
| Salary increases | 3.50 percent (composed of 2.75 percent inflation and 0.75 percent productivity) |
| Payroll growth | 3.00 percent |
| Actuarial cost method | Entry Age Normal |

The discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Bond Index.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2016 through December 31, 2018.

Changes and items of impact relative to the prior valuation were as follows.

1. The discount rate was updated in accordance with the requirements of GASB 75.
2. The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the City and the Library, as well as what the City and the Library's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

| | City | | |
|---|---|---|---|
| | 1% Decrease (1.16%) | Discount Rate (2.16%) | 1% Increase (3.16%) |
| Total OPEB liability | $ 204,037 | $ 198,740 | $ 192,217 |

| | Library | | |
|---|---|---|---|
| | 1% Decrease (1.16%) | Discount Rate (2.16%) | 1% Increase (3.16%) |
| Total OPEB liability | $ 6,044 | $ 5,838 | $ 5,599 |

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following represents the total OPEB liability of the City and the Library as well as what the City and the Library's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | City | | |
|---|---|---|---|
| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
| Total OPEB liability | $ 198,740 | $ 198,740 | $ 198,740 |

| | Library | | |
|---|---|---|---|
| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
| Total OPEB liability | $ 5,838 | $ 5,838 | $ 5,838 |

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the City and the Library recognized OPEB expense of $ 20,709 and $ 895, respectively. At December 31, 2021, the City and the Library reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | City | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Changes in assumptions or other inputs | $ 11,929 | $ 3,712 |
| Differences between expected and actual experience | - | 66,163 |
| | $ 11,929 | $ 69,875 |

| | Library | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Changes in assumptions or other inputs | $ 361 | $ 157 |
| Differences between expected and actual experience | - | 2,828 |
| | $ 361 | $ 2,985 |

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended December 31, | City |
|---|---|
| 2022 | $ (8,766) |
| 2023 | (8,766) |
| 2024 | (8,766) |
| 2025 | (8,766) |
| 2026 | (8,597) |
| 2027 and Therafter | (14,285) |
| | $ (57,946) |

| Year Ended December 31, | Library |
|---|---|
| 2022 | $ (388) |
| 2023 | (388) |
| 2024 | (388) |
| 2025 | (388) |
| 2026 | (385) |
| 2027 and Therafter | (687) |
| | $ (2,624) |

Aggregate OPEB Information

| | Balances at December 31, 2021 | | |
|---|---|---|---|
| | Disability Benefits and Life Insurance | Health Insurance | Total |
| Total OPEB Liability | $ (198,740) | $ (836,188) | $ (1,034,928) |
| Deferred outflows of resources | 11,929 | 418,292 | 430,221 |
| Deferred inflows of resources | (69,875) | (372,385) | (442,260) |
| OPEB expense | 20,709 | 94,351 | 115,060 |

9 - Risk Management and Claims

The City is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

Property, Liability and Employee Life Insurance

Losses under these programs are covered by commercial insurance policies, subject to deductibles in some cases. There have been no significant reductions in insurance coverage for these programs and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Workers' Compensation Coverage

The City is a member of the Kansas Municipal Insurance Trust Workers' Compensation Pool (the Pool) for purposes of workers' compensation coverage. This program is similar to commercial insurance coverage because the Pool is liable for all claims. The City contributes to the Pool at the beginning of each coverage period based on experience and payroll factors. The City records a liability for estimated additional contributions that may be incurred because of adjustments made by the Pool. The cost of this workers' compensation coverage is charged to City funds based on payroll expenditures.

Employee Health Care Benefits

During the year ended December 31, 2021, employees of the City were covered by the City of Newton Medical Benefits Plan (the Plan). Under the Plan, the City retains a significant portion of the risk of loss for employee health benefits. Claims are paid by a third-party administrator acting on behalf of the City. The administrative contract between the City and the third-party administrator is renewable annually. Administrative fees and stop-loss premiums are included in the contractual provisions.

The City is protected against catastrophic loss by stop-loss coverage carried through a commercial insurance carrier. Stop-loss coverage is in effect for individual claims exceeding $ 75,000 and for aggregate loss, which is based on a factor determined monthly by the insurer.

The risk management activities under the Plan are recorded in the Health Benefit Risk Management Fund. Using the actuarial method, the City charges the cost of estimated benefits to funds in relation to personal services expenditures. An estimated liability is recorded for claims against the Plan that have been incurred but not yet reported at year end. The following represents the changes in the liability for unreported claims under the Plan for 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Liability balance, beginning | $ 113,222 | $ 161,824 |
| Health benefit claims incurred | 2,928,100 | 2,445,027 |
| Add premiums and fees | 224,533 | 203,961 |
| Total costs incurred | 3,265,855 | 2,810,812 |
| Less claims paid | (2,890,073) | (2,493,629) |
| Less premiums and fees paid | (224,533) | (203,961) |
| Liability balance, ending | $ 151,249 | $ 113,222 |

10 - Long-Term Debt

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2021:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| General obligation bonds | $ 33,416,904 | $ 3,369,009 | $ 6,757,299 | $ 30,028,614 | $ 2,778,350 |
| Plus deferred amounts: | | | | | |
| Issuance premiums | 1,355,389 | 350,187 | 249,409 | 1,456,167 | - |
| Compensated absences | 560,933 | 575,359 | 560,933 | 575,359 | 575,359 |
| Total OPEB liability | 1,126,330 | 41,157 | 196,506 | 970,981 | - |
| Net pension liability | 15,547,079 | - | 3,502,232 | 12,044,847 | - |
| Governmental activities long-term liabilities | $ 52,006,635 | $ 4,335,712 | $ 11,266,379 | $ 45,075,968 | $ 3,353,709 |

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Business-type activities:** | | | | | |
| General obligation bonds | $ 12,893,096 | $ 2,595,991 | $ 4,047,701 | $ 11,441,386 | $ 1,136,650 |
| NPBC revenue bonds - direct borrowing | 4,040,000 | - | 855,000 | 3,185,000 | 850,000 |
| Plus deferred amounts: | | | | | |
| Issuance premiums | 639,232 | 269,990 | 158,735 | 750,487 | - |
| KDHE revolving loans payable - direct borrowing | 15,464,275 | - | 2,139,453 | 13,324,822 | 1,109,612 |
| Compensated absences | 82,688 | 87,920 | 82,688 | 87,920 | 87,920 |
| Total OPEB liability | 73,793 | 2,357 | 12,203 | 63,947 | - |
| Net pension liability | 2,693,190 | - | 767,388 | 1,925,802 | - |
| Business-type activities long-term liabilities | $ 35,886,274 | $ 2,956,258 | $ 8,063,168 | $ 30,779,364 | $ 3,184,182 |

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Newton Public Library:** | | | | | |
| Compensated absences | $ 11,782 | $ 19,842 | $ 11,782 | $ 19,842 | $ 19,842 |
| Net pension liability | 334,162 | - | 107,634 | 226,528 | - |
| Total OPEB liability | 5,148 | 1,283 | 593 | 5,838 | - |
| Newton Public Library long-term liabilities | $ 351,092 | $ 21,125 | $ 120,009 | $ 252,208 | $ 19,842 |

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Housing Authority:** | | | | | |
| Compensated absences | $ 14,398 | $ 15,867 | $ 14,398 | $ 15,867 | $ 15,867 |
| Net pension liability | 180,568 | 29,464 | - | 210,032 | - |
| Housing Authority long-term liabilities | $ 194,966 | $ 45,331 | $ 14,398 | $ 225,899 | $ 15,867 |

For the governmental activities, compensated absences, net pension liability, and the total OPEB liability are generally liquidated by the general fund and the airport fund.

General Obligation Bonds

At December 31, 2021, the outstanding general obligation bonds consisted of the following:

| | Interest Rates | Outstanding December 31, 2021 | Original Amount |
|---|---|---|---|
| Airport refunding, 2004-B | 5.250-6.000% | $ 125,000 | $ 515,000 |
| GO refunding, 2012-A | 2.000-2.100 | 1,115,000 | 3,570,000 |
| Internal improvements, 2015-B | 2.000-3.100 | 600,000 | 1,130,000 |
| Internal improvements, 2015-C | 3.000 | 2,570,000 | 2,570,000 |
| Internal improvements, 2015-D | 2.000-3.000 | 1,445,000 | 2,500,000 |
| GO refunding, 2016-A | 1.500-4.000 | 10,445,000 | 13,425,000 |
| Internal improvements, 2018-A | 3.000-4.000 | 1,945,000 | 2,125,000 |
| Taxable GO bonds, 2018-B | 3.000-4.100 | 1,240,000 | 1,490,000 |
| Taxable GO refunding and improvement, 2020-A | 3.000-3.450 | 5,740,000 | 6,015,000 |
| GO refunding and improvement, 2020-B | 2.000-3.500 | 8,655,000 | 9,575,000 |
| GO tax increment financing refunding, 2020-C | 2.000-3.000 | 1,625,000 | 1,790,000 |
| GO refunding, 2021-A | 1.750-4.000 | 5,965,000 | 5,965,000 |
| | | $ 41,470,000 | |

A portion of the general obligation bond principal represents special assessment debt with government commitment to pay the principal and interest if the special assessments are not paid by the applicable property owners. Annual debt service requirements to maturity for general obligation bonds are as follows:

| | Governmental Activities | | Business-type Activities | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| 2022 | $ 2,778,350 | $ 918,745 | $ 1,136,650 | $ 339,676 |
| 2023 | 2,841,962 | 846,550 | 1,158,038 | 312,658 |
| 2024 | 2,960,436 | 750,284 | 1,214,564 | 268,246 |
| 2025 | 2,691,307 | 659,776 | 1,193,693 | 231,332 |
| 2026 | 2,776,197 | 570,984 | 1,238,803 | 191,029 |
| 2027-2031 | 8,965,276 | 1,738,230 | 3,189,724 | 486,055 |
| 2032-2036 | 5,590,086 | 683,269 | 1,564,914 | 177,393 |
| 2037-2040 | 1,425,000 | 77,825 | 745,000 | 38,550 |
| | $ 30,028,614 | $ 6,245,663 | $ 11,441,386 | $ 2,044,939 |

During the year ended December 31, 2021, the City issued $ 5,965,000 of general obligation refunding bonds (series 2021-A) to currently refund $ 6,450,000 of series 2013-A general obligation refunding and improvements bond. The refunding transaction resulted in an economic gain of approximately $ 536,000 and a decrease in the future debt service payments of approximately $ 532,000.

Water Fund Revolving Loans

The City has two loans with the Kansas Department of Health and Environment (KDHE) to provide funding for City waterworks improvements.

Terms of the individual loans are as follows:

| Year of Inception | Interest Rate | Term | Outstanding December 31, 2021 |
|---|---|---|---|
| 2009 | 3.37% | 20 years | $ 832,196 |
| 2009 | 3.75% | 20 years | 282,288 |
| | | | $ 1,114,484 |

The City entered into a loan agreement with KDHE on September 8, 2021. According to the agreement, KDHE will loan an amount not to exceed $ 5,200,000 to the City for the purpose of making improvements to the City's public water supply system including replacements of a ground storage tank and rehabilitation of two elevated storage towers. The interest rate on the loan is 1.26%. As of December 31, 2021, there have been no draw downs on the loan or associated project costs.

Future principal payments on the Waterworks revolving loans are scheduled as follows:

| | |
|---|---|
| 2022 | $ 125,522 |
| 2023 | 129,917 |
| 2024 | 134,465 |
| 2025 | 139,174 |
| 2026 | 144,047 |
| 2027-2029 | 441,359 |
| | $ 1,114,484 |

Sewer Fund Revolving Loans

The City has three loans with KDHE to provide funding for the City wastewater treatment improvements. Terms of the individual loans are as follows:

| Year of Inception | Interest Rate | Term | Outstanding December 31, 2021 |
|---|---|---|---|
| 2002 | 3.03% | 20 years | $ 72,418 |
| 2008 | 2.85% | 20 years | 3,300,636 |
| 2014 | 2.83% | 20 years | 8,837,284 |
| | | | $ 12,210,338 |

Future principal payments on these loans are scheduled as follows:

| | |
|---|---|
| 2022 | $ 984,090 |
| 2023 | 945,543 |
| 2024 | 972,569 |
| 2025 | 1,000,368 |
| 2026 | 1,028,961 |
| 2027-2031 | 4,654,457 |
| 2032-2035 | 2,624,350 |
| | $ 12,210,338 |

Revenue Bonds

The public building commission fund has issued revenue bonds to finance athletic field improvements and to construct the Sand Creek Station Golf Course. At December 31, 2021, the outstanding NPBC revenue bonds consisted of the following:

| | Interest Rates | Outstanding December 31, 2021 | Original Amount |
|---|---|---|---|
| Series 2004 | 4.36% | $ 730,000 | $ 2,685,000 |
| 2012 refunding | 2.00-2.40% | 2,455,000 | 5,915,000 |
| | | $ 3,185,000 | |

Debt service requirement to maturity for revenue bonds are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2022 | $ 850,000 | $ 75,581 | $ 925,581 |
| 2023 | 855,000 | 52,062 | 907,062 |
| 2024 | 865,000 | 27,385 | 892,385 |
| 2025 | 615,000 | 7,380 | 622,380 |
| | $ 3,185,000 | $ 162,408 | $ 3,347,408 |

11 - Commitments and Contingencies

Litigation – The City is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, in the opinion of the City Attorney, the resolution of these matters will not have a material adverse effect on the City's financial statements.

Federal Grants – In the normal course of operation, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

Encumbrances – The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for cash expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2021, the City had the following encumbrances:

| | | |
|---|---|---|
| General | $ | 61,401 |
| Sewer | | 18,755 |
| Sanitation | | 1,820 |
| Waterworks | | 36,189 |
| | $ | 118,165 |

12 - Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2021, two City-issued Industrial Revenue bond issues were outstanding with a total balance of $ 5,755,000.

13 - Joint Venture - Public Wholesale Water Supply District No. 17

During 1997, the City of Newton entered into an agreement with the cities of Halstead, North Newton and Sedgwick to form the Public Wholesale Water Supply District No. 17 (the District). The purpose of the District is to secure an additional water supply for sale to member cities and other potential customers. The City of Newton has contributed $ 40,000 in capital to the District. As there is no explicit, measurable equity interest for the City, the City has not recorded an asset related to this joint venture.

Separate financial statements for the District can be obtained from the District's office located at City of Newton administration building (201 East Sixth, Newton, Kansas 67114-0426).

14 - Interfund Transfers

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which resources are received to the fund where resources will be expended. The City uses transfers from business activities to provide support for general government, and to provide funding from government activities for specific capital needs, and to provide funds for debt service. During 2021 there were also transfers from the ARPA fund to the General fund to reimburse eligible expenditures related to the ARPA grant. Transfers for the year were as follows:

| | Transfers in | | | | |
|---|---|---|---|---|---|
| Transfers out | General | Bond & Interest | Capital Projects | Nonmajor Governmental | Sewer |
| General | $ - | $ 1,298,573 | $ 100,000 | $ - | $ - |
| Bond & Interest | - | - | - | - | 1,294,911 |
| Capital Projects | - | - | - | - | 90,112 |
| Nonmajor Governmental | 2,044,992 | 120,976 | - | - | 7,000 |
| Sewer | 1,429,352 | 1,354,928 | 23,045 | 21,000 | - |
| Waterworks | 829,901 | 389,700 | 379,801 | 37,300 | - |
| Sanitation | 190,993 | - | - | - | - |
| | $ 4,495,238 | $ 3,164,177 | $ 502,846 | $ 58,300 | $ 1,392,023 |

| | Transfers in | | | | |
|---|---|---|---|---|---|
| Transfers out | Waterworks | Golf Course | Meridian Center | Internal Service Funds | Total |
| General | $ - | $ 700,000 | $ 250,000 | $ - | $ 2,348,573 |
| Bond & Interest | 289,790 | - | - | - | 1,584,701 |
| Capital Projects | 120,811 | - | - | - | 210,923 |
| Nonmajor Governmental | - | - | - | - | 2,172,968 |
| Sewer | - | - | - | 69,520 | 2,897,845 |
| Waterworks | - | - | - | 69,520 | 1,706,222 |
| Sanitation | - | - | - | 102,579 | 293,572 |
| | $ 410,601 | $ 700,000 | $ 250,000 | $ 241,619 | $ 11,214,804 |

15 - Interfund Receivable/Payable

Advances from/to Other Funds

During 2005, the City entered into an agreement with the Newton Public Building Commission (NPBC) to provide funding for the Sand Creek Station Golf Course which was completed during 2006. Under the agreement, the City will make lease payments equal to the NPBC debt incurred to acquire, improve and equip the course. An equal amount was recorded on the NPBC's financial statements when the course assets were transferred to the City, and recorded in the golf course fund. The required minimum lease payments, based on the NPBC's debt requirements, are as follows:

| | |
|---|---|
| 2022 | $ 673,658 |
| 2023 | 645,385 |
| 2024 | 626,718 |
| 2025 | 622,380 |
| | 2,568,141 |
| Less portion attributed to interest | (429,741) |
| | $ 2,138,400 |

Due to/from Other Funds

Interfund receivables and payables are recorded to eliminate negative cash balances in capital project and other funds prior to the issuance of permanent long-term financing. An additional due to/from was established to record the short-term borrowing in the public building commission fund. At December 31, 2021, the interfund balances consisted of the following:

| | Due from Other Funds | Due to Other Funds |
|---|---|---|
| General fund | $ 6,185,463 | $ - |
| Capital projects | 2,529,423 | (6,185,463) |
| Public Building Commission | - | (2,529,423) |
| | $ 8,714,886 | $ (8,714,886) |

16 - Tax Abatements

The City of Newton and Harvey County enter into property tax abatement agreements with local businesses for the purpose of attracting businesses within their jurisdictions. For the fiscal year ended December 31, 2021, abated property taxes that impacted the City totaled $ 546,213, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A property tax abatement to a holdings company. The City's portion of the abatement amounted to $ 81,223.
- A property tax abatement for the City of Newton, Kansas on an Industrial Revenue Bond. The City's portion of the abatement amounted to $ 73,579.
- A property tax abatement to a foam manufacturer. The City's portion of the abatement amounted to $ 67,261.
- A property tax abatement to a developer and manufacturer of advanced composite materials for aircraft and space. The City's portion of the abatement amounted to $ 324,150.

17 - Prior Period Adjustment

For the year ended December 31, 2021, beginning net position for the Public Building Commission Fund on the proprietary fund financial statements and for the business-type activities on the government-wide financial statements was restated in the amount of $ 58,726 to capitalize a project. There was no effect on current or prior year revenues or expenditures as a result of this adjustment.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWTON, KANSAS
Schedule of the City's Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Eight Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| City's proportion of the collective net pension liability | | | | | | | | |
| KPERS | 0.331179% | 0.326910% | 0.327595% | 0.334374% | 0.332957% | 0.367572% | 0.364582% | 0.361789% |
| KP&F | 1.047598% | 1.019577% | 1.027745% | 1.051132% | 1.029023% | 1.083101% | 1.102692% | 1.097784% |
| City's proportionate share of the collective net pension liability | $13,970,649 | $18,240,269 | $14,979,741 | $14,774,481 | $14,472,812 | $15,745,894 | $12,793,964 | $11,652,675 |
| City's covered payroll | $12,261,157 | $11,745,411 | $11,535,439 | $11,336,340 | $11,039,244 | $11,415,983 | $11,109,928 | $10,815,790 |
| City's proportionate share of the collective net pension liability as a percentage of its covered payroll | 114% | 155% | 130% | 130% | 131% | 138% | 115% | 108% |
| Plan fiduciary net position as a percentage of the total pension liability | 76.40% | 66.30% | 69.88% | 68.88% | 67.12% | 65.10% | 64.95% | 66.60% |

* GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.

CITY OF NEWTON, KANSAS
NEWTON PUBLIC LIBRARY
Schedule of the Library's Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Eight Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| Library's proportion of the collective net pension liability KPERS | 0.018878% | 0.019275% | 0.018345% | 0.018949% | 0.018307% | 0.019479% | 0.018471% | 0.018727% |
| Library's proportionate share of the collective net pension liability | $ 226,528 | $ 334,162 | $ 256,348 | $ 264,109 | $ 265,169 | $ 301,346 | $ 242,532 | $ 230,494 |
| Library's covered payroll | $ 364,131 | $ 363,873 | $ 339,475 | $ 339,130 | $ 324,491 | $ 333,636 | $ 308,532 | $ 307,672 |
| Library's proportionate share of the collective net pension liability as a percentage of its covered payroll | 62% | 92% | 76% | 78% | 82% | 90% | 79% | 75% |
| Plan fiduciary net position as a percentage of the total pension liability | 76.40% | 66.30% | 69.88% | 68.88% | 67.12% | 65.10% | 64.95% | 66.60% |

* GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.

CITY OF NEWTON, KANSAS
HOUSING AUTHORITY
Schedule of the Housing Authority's Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Seven Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| Housing Authority's proportion of the collective net pension liability KPERS | 0.012115% | 0.012922% | 0.013601% | 0.014371% | 0.014975% | 0.014994% | 0.154300% |
| Housing Authority's proportionate share of the collective net pension liability | $ 210,032 | $ 180,568 | $ 189,569 | $ 208,158 | $ 231,668 | $ 196,878 | $ 189,914 |
| Housing Authority's covered payroll | $ 228,597 | $ 239,840 | $ 243,398 | $ 254,956 | $ 256,721 | $ 250,357 | $ 253,669 |
| Housing Authority's proportionate share of the collective net pension liability as a percentage of its covered payroll | 92% | 75% | 78% | 82% | 90% | 79% | 75% |
| Plan fiduciary net position as a percentage of the total pension liability | 66.30% | 69.88% | 68.88% | 67.12% | 65.10% | 64.95% | 66.60% |

* GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2015.

CITY OF NEWTON, KANSAS
Schedule of the City's Contributions
Kansas Public Employees Retirement System
Last Ten Fiscal Years

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| KPERS contractually required contributions | $ 557,997 | $ 540,157 | $ 531,381 | $ 504,211 | $ 520,799 |
| KP&F contractually required contributions | 1,312,456 | 1,243,313 | 1,167,096 | 1,045,685 | 1,014,326 |
| Contributions in relation to the contractually required contribution | (1,870,453) | (1,783,470) | (1,698,477) | (1,549,896) | (1,535,125) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| City's covered payroll | $ 12,751,615 | $ 12,446,094 | $ 11,584,455 | $ 11,396,824 | $ 11,186,375 |
| Contributions as a percentage of covered payroll | 14.7% | 14.3% | 14.7% | 13.6% | 13.7% |

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| KPERS contractually required contributions | $ 580,045 | $ 587,308 | $ 527,224 | $ 465,230 | $ 406,455 |
| KP&F contractually required contributions | 1,050,678 | 1,097,368 | 996,198 | 847,528 | 772,158 |
| Contributions in relation to the contractually required contribution | (1,630,723) | (1,684,676) | (1,523,424) | (1,312,756) | (1,178,735) |
| Contribution deficiency (excess) | $ - | $ - | $ (2) | $ 2 | $ (122) |
| City's covered payroll | $ 11,297,360 | $ 11,284,441 | $ 10,912,626 | $ 10,670,233 | $ 10,158,147 |
| Contributions as a percentage of covered payroll | 14.4% | 14.9% | 14.0% | 12.3% | 11.6% |

CITY OF NEWTON, KANSAS
NEWTON PUBLIC LIBRARY
Schedule of the Library's Contributions
Kansas Public Employees Retirement System
Last Ten Fiscal Years

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Contractually required contributions | $ 31,807 | $ 31,848 | $ 29,304 | $ 28,573 | $ 28,049 |
| Contributions in relation to the contractually required contribution | (31,807) | (31,848) | (29,304) | (28,573) | (28,049) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Library's covered payroll | $ 341,622 | $ 367,797 | $ 349,752 | $ 342,698 | $ 331,552 |
| Contributions as a percentage of covered payroll | 9.3% | 8.7% | 8.4% | 8.3% | 8.5% |

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| Contractually required contributions | $ 29,496 | $ 31,136 | $ 27,191 | $ 23,944 | $ 21,752 |
| Contributions in relation to the contractually required contribution | (29,496) | (31,136) | (27,191) | (23,944) | (21,752) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Library's covered payroll | $ 322,340 | $ 328,439 | $ 307,591 | $ 301,556 | $ 296,349 |
| Contributions as a percentage of covered payroll | 9.2% | 9.5% | 8.8% | 7.9% | 7.3% |

CITY OF NEWTON, KANSAS
HOUSING AUTHORITY
Schedule of the Housing Authority's Contributions
Kansas Public Employees Retirement System
Last Seven Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| Contractually required contributions | $ 20,062 | $ 20,017 | $ 20,725 | $ 20,509 | $ 22,478 | $ 23,954 | $ 22,930 |
| Contributions in relation to the contractually required contribution | (20,062) | (20,017) | (20,725) | (20,509) | (22,478) | (23,954) | (22,930) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Housing Authority's covered payroll | $ 229,493 | $ 228,597 | $ 239,840 | $ 243,398 | $ 254,966 | $ 256,721 | $ 250,357 |
| Contributions as a percentage of covered payroll | 8.7% | 8.8% | 8.6% | 8.4% | 8.8% | 9.3% | 9.2% |

* GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2015.

CITY OF NEWTON, KANSAS
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Health Insurance
Last Five Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Total OPEB liability: | | | | | |
| Service cost | $ 70,434 | $ 52,089 | $ 56,591 | $ 56,079 | $ 48,339 |
| Interest | 19,025 | 25,448 | 37,367 | 31,141 | 32,745 |
| Differences between expected and actual experience | 188,908 | 17,655 | 43,709 | - | - |
| Changes of assumptions | (238,052) | 177,306 | (198,437) | 24,688 | 46,595 |
| Benefit payments | (208,709) | (128,189) | (75,545) | (40,740) | (49,613) |
| Net change in total OPEB liability | (168,394) | 144,309 | (136,315) | 71,168 | 78,066 |
| Total OPEB liability, beginning | 1,004,582 | 860,273 | 996,588 | 925,420 | 847,354 |
| Total OPEB liability, ending | $ 836,188 | $ 1,004,582 | $ 860,273 | $ 996,588 | $ 925,420 |
| Covered employee payroll | $11,722,438 | $10,488,071 | $10,488,071 | $10,554,613 | $10,554,613 |
| City's total OPEB liability as a percentage of covered employee payroll | 7.13% | 9.58% | 8.20% | 9.44% | 8.77% |

Notes to Schedule:

Changes of assumptions:

- The census data was updated from January 1, 2019 to January 1, 2022.
- The mortality assumption was changed from Society of Actuaries Scale MP-2020 Full Generational Improvement to the Scale MP-2021.
- The discount rate was changed from 1.96% to 2.04% for the end of year measurement.
- Per capita costs, fixed costs, and retiree contributions were updated along with assumed trend as part of the evaluation.

There are no assets accumulated in a trust that meets the criteria of the GASB codification to pay related benefits for the OPEB plan.

*GASB 75 requires the presentation of 10 years. Data was not available prior to fiscal year 2017. Therefore, 10 years of data is unavailable.

CITY OF NEWTON, KANSAS
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Disability Benefits and Life Insurance
Last Five Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Total OPEB liability: | | | | | |
| Service cost | $ 24,733 | $ 22,865 | $ 22,702 | $ 22,512 | $ 23,703 |
| Interest | 4,742 | 6,906 | 8,024 | 8,134 | 6,215 |
| Changes of economic/demographic gains or losses | (15,110) | (15,470) | (30,409) | (32,663) | - |
| Changes of assumptions | 300 | 12,569 | 2,358 | (2,009) | (5,231) |
| Benefit payments | (11,466) | (11,466) | (14,195) | (17,824) | (10,958) |
| Net change in total OPEB liability | 3,199 | 15,404 | (11,520) | (21,850) | 13,729 |
| Total OPEB liability, beginning | 195,541 | 180,137 | 191,657 | 213,507 | 199,778 |
| Total OPEB liability, ending | $ 198,740 | $ 195,541 | $ 180,137 | $ 191,657 | $ 213,507 |
| Covered employee payroll | $ 5,627,920 | $ 5,627,920 | $ 5,572,068 | $ 5,784,433 | $ 5,665,109 |
| City's total OPEB liability as a percentage of covered employee payroll | 3.53% | 3.47% | 3.23% | 3.31% | 3.77% |

Notes to Schedule:

*Changes of assumptions:*
• The discount rate was decreased from 2.21% to 2.16% in accordance with the requirements of GASB 75.
• The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

There are no assets accumulated in a trust that meets the criteria of the GASB codification to pay related benefits for the OPEB plan.

*GASB 75 requires the presentation of 10 years. Data was not available prior to fiscal year 2017. Therefore, 10 years of data is unavailable.

CITY OF NEWTON, KANSAS
NEWTON PUBLIC LIBRARY
Schedule of Changes in the Library's Total OPEB Liability and Related Ratios
Disability Benefits and Life Insurance
Last Five Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Total OPEB liability: | | | | | |
| Service cost | $ 1,144 | $ 857 | $ 899 | $ 895 | $ 967 |
| Interest | 139 | 169 | 239 | 207 | 141 |
| Changes of economic/demographic gains or losses | (603) | (247) | (2,495) | (613) | - |
| Changes of assumptions | 10 | 393 | 57 | (95) | (21) |
| Benefit payments | - | - | - | - | - |
| Net change in total OPEB liability | 690 | 1,172 | (1,300) | 394 | 1,087 |
| Total OPEB liability, beginning | 5,148 | 3,976 | 5,276 | 4,882 | 3,795 |
| Total OPEB liability, ending | $ 5,838 | $ 5,148 | $ 3,976 | $ 5,276 | $ 4,882 |
| Covered employee payroll | $ 291,768 | $ 344,449 | $ 314,096 | $ 331,551 | $ 321,340 |
| Library's total OPEB liability as a percentage of covered employee payroll | 2.00% | 1.49% | 1.27% | 1.59% | 1.52% |

Notes to Schedule:

*Changes of assumptions:*

- The discount rate was decreased from 2.21% to 2.16% in accordance with the requirements of GASB 75.
- The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

There are no assets accumulated in a trust that meets the criteria of the GASB codification to pay related benefits for the OPEB plan.

*GASB 75 requires the presentation of 10 years. Data was not available prior to fiscal year 2017. Therefore, 10 years of data is unavailable.

OTHER SUPPLEMENTARY INFORMATION

CITY OF NEWTON, KANSAS
COMBINING BALANCE SHEET
GENERAL FUND
December 31, 2021

| | General | Capital Improvement Reserve | Admin Contingency | Municipal Equipment Reserve | RHID | RHID 2 | Total General Fund |
|---|---|---|---|---|---|---|---|
| Assets: | | | | | | | |
| Cash and investments | $ 1,845,253 | $ - | $ 945,053 | $ 3,326,470 | $ - | $ - | $ 6,116,776 |
| Due from other funds | 3,224,000 | 2,961,463 | - | - | - | - | 6,185,463 |
| Receivables: | | | | | | | |
| Property tax | 5,648,079 | - | - | - | - | - | 5,648,079 |
| Sales tax | 1,114,294 | - | - | - | - | - | 1,114,294 |
| Franchise tax | 149,526 | - | - | - | - | - | 149,526 |
| Accounts | 394,399 | - | - | - | - | - | 394,399 |
| Other | 109,226 | - | - | - | - | - | 109,226 |
| Prepaid items | 370,825 | - | - | - | - | - | 370,825 |
| Total assets | $ 12,855,602 | $ 2,961,463 | $ 945,053 | $ 3,326,470 | $ - | $ - | $ 20,088,588 |
| Liabilities: | | | | | | | |
| Accounts payable | $ 468,154 | $ 1,910 | $ - | $ 99,106 | $ - | $ - | $ 569,170 |
| Accrued expenses | 218,468 | - | - | - | - | - | 218,468 |
| Unearned revenues | 109,620 | - | - | - | - | - | 109,620 |
| Total liabilities | 796,242 | 1,910 | - | 99,106 | - | - | 897,258 |
| Deferred inflows of resources: | | | | | | | |
| Unavailable revenue - property and special assessment taxes | 5,648,079 | - | - | - | - | - | 5,648,079 |
| Total deferred inflows of resources | 5,648,079 | - | - | - | - | - | 5,648,079 |
| Fund balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepaid items | 370,825 | - | - | - | - | - | 370,825 |
| Assigned: | | | | | | | |
| Capital asset acquisition | - | 2,959,553 | - | 3,227,364 | - | - | 6,186,917 |
| Other purposes | 61,401 | - | - | - | - | - | 61,401 |
| Unassigned | 5,979,055 | - | 945,053 | - | - | - | 6,924,108 |
| Total fund balances | 6,411,281 | 2,959,553 | 945,053 | 3,227,364 | - | - | 13,543,251 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 12,855,602 | $ 2,961,463 | $ 945,053 | $ 3,326,470 | $ - | $ - | $ 20,088,588 |

CITY OF NEWTON, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GENERAL FUND
Year Ended December 31, 2021

| | General | Capital Improvement Reserve | Admin Contingency | Municipal Equipment Reserve | RHID | RHID 2 | Eliminations | Total General Fund |
|---|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes | $ 5,926,141 | $ 129,813 | $ - | $ - | $ 50,612 | $ 45,194 | $ - | $ 6,151,760 |
| Sales taxes | 6,141,365 | - | - | - | - | - | - | 6,141,365 |
| Franchise taxes | 1,519,599 | - | - | - | - | - | - | 1,519,599 |
| Intergovernmental | 646,588 | 39,151 | - | 25,950 | - | - | - | 711,689 |
| Licenses and permits | 268,673 | - | - | - | - | - | - | 268,673 |
| Charges for services | 2,192,573 | - | - | - | - | - | - | 2,192,573 |
| Fines, forfeitures and penalties | 515,930 | - | - | - | - | - | - | 515,930 |
| Interest | 4,039 | - | - | - | - | - | - | 4,039 |
| Other | 29,567 | 39,333 | - | 45,620 | - | - | - | 114,520 |
| Total revenues | 17,244,475 | 208,297 | - | 71,570 | 50,612 | 45,194 | - | 17,620,148 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 2,444,371 | 117,167 | - | 4,741 | 50,612 | 45,194 | - | 2,662,085 |
| Public safety | 10,419,040 | - | - | - | - | - | - | 10,419,040 |
| Highway and streets | 2,852,039 | - | - | - | - | - | - | 2,852,039 |
| Culture and recreation | 1,136,918 | - | - | - | - | - | - | 1,136,918 |
| Capital outlay | 72,514 | 301,049 | - | 678,765 | - | - | - | 1,052,328 |
| Total expenditures | 16,924,882 | 418,216 | - | 683,506 | 50,612 | 45,194 | - | 18,122,410 |
| Excess (deficiency) of revenues over (under) expenditures | 319,593 | (209,919) | - | (611,936) | - | - | - | (502,262) |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | 4,271,231 | 2,067,996 | - | 1,303,783 | - | - | (3,147,772) | 4,495,238 |
| Transfers out | (3,867,772) | (1,598,573) | - | (30,000) | - | - | 3,147,772 | (2,348,573) |
| Sale of capital assets | - | - | - | 78,243 | - | - | - | 78,243 |
| Total other financing sources (uses) | 403,459 | 469,423 | - | 1,352,026 | - | - | - | 2,224,908 |
| Net change in fund balances | 723,052 | 259,504 | - | 740,090 | - | - | - | 1,722,646 |
| Fund balances, beginning of year | 5,688,229 | 2,700,049 | 945,053 | 2,487,274 | - | - | - | 11,820,605 |
| Fund balances, end of year | $ 6,411,281 | $ 2,959,553 | $ 945,053 | $ 3,227,364 | $ - | $ - | $ - | $ 13,543,251 |

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CITY OF NEWTON, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2021

| | Special Revenue Funds | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Airport | Community Development | Special Alcohol Program | Special Highway | Grants | Special Liability | Special Parks & Recreation | Tourism & Convention Promotion |
| Assets: | | | | | | | | |
| Cash and investments | $ 34,379 | $ - | $ - | $ 133,431 | $ 44,602 | $ 32,897 | $ - | $ 93,840 |
| Receivables: | | | | | | | | |
| Property tax | 82,675 | - | - | - | - | 47,142 | - | - |
| Accounts | 171,211 | - | - | - | - | - | - | - |
| Due from other governments | - | - | - | - | 20,614 | - | - | - |
| Other | - | 381,472 | - | - | - | - | - | - |
| Inventory | 44,747 | - | - | - | - | - | - | - |
| Restricted assets: | | | | | | | | |
| Cash and investments | - | 144,808 | - | - | - | - | - | - |
| Total assets | $ 333,012 | $ 526,280 | $ - | $ 133,431 | $ 65,216 | $ 80,039 | $ - | $ 93,840 |
| Liabilities: | | | | | | | | |
| Accounts payable | $ 6,673 | $ - | $ - | $ - | $ 40 | $ - | $ - | $ 1,302 |
| Accrued expenses | 7,159 | - | - | - | - | - | - | 1,043 |
| Unearned revenues | 51,292 | - | - | - | 61,222 | - | - | - |
| Total liabilities | 65,124 | - | - | - | 61,262 | - | - | 2,345 |
| Deferred inflows of resources: | | | | | | | | |
| Unavailable revenue - property and special assessment taxes | 82,675 | - | - | - | - | 47,142 | - | - |
| Total deferred inflows of resources | 82,675 | - | - | - | - | 47,142 | - | - |
| Fund balances: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Inventory | 44,747 | - | - | - | - | - | - | - |
| Restricted: | | | | | | | | |
| Airport | 140,466 | - | - | - | - | - | - | - |
| Community development | - | 526,280 | - | - | - | - | - | 91,495 |
| Perpetual care | - | - | - | - | - | - | - | - |
| Law enforcement | - | - | - | - | - | - | - | - |
| Other purposes | - | - | - | 133,431 | 3,954 | 32,897 | - | - |
| Assigned: | | | | | | | | |
| Capital asset acquisition | - | - | - | - | - | - | - | - |
| Total fund balances | 185,213 | 526,280 | - | 133,431 | 3,954 | 32,897 | - | 91,495 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 333,012 | $ 526,280 | $ - | $ 133,431 | $ 65,216 | $ 80,039 | $ - | $ 93,840 |

(Continued)

CITY OF NEWTON, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
December 31, 2021

| | Special Revenue Funds | | | | | | Permanent Fund | |
|---|---|---|---|---|---|---|---|---|
| | Airport/Library Capital Improvement | Airport/Library Municipal Equipment Reserve | Special Law Enforcement | Library | ARPA | Community Improvement District Sales Tax | Cemetery & Mausoleum | Total |
| Assets: | | | | | | | | |
| Cash and investments | $ 76,574 | $ 267,561 | $ 276,521 | $ 53,049 | $ - | $ 13,566 | $ 419,980 | $ 1,446,400 |
| Receivables: | | | | | | | | |
| Property tax | - | - | - | 687,997 | - | - | - | 817,814 |
| Accounts | - | - | - | - | - | - | - | 171,211 |
| Due from other governments | - | - | - | - | - | - | - | 20,614 |
| Other | - | - | - | - | - | - | - | 381,472 |
| Inventory | - | - | - | - | - | - | - | 44,747 |
| Restricted assets: | | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - | 144,808 |
| Total assets | $ 76,574 | $ 267,561 | $ 276,521 | $ 741,046 | $ - | $ 13,566 | $ 419,980 | $ 3,027,066 |
| Liabilities: | | | | | | | | |
| Accounts payable | $ - | $ - | $ - | $ - | $ - | $ 13,566 | $ 1,764 | $ 23,345 |
| Accrued expenses | - | - | - | - | - | - | - | 8,202 |
| Unearned revenues | - | - | - | - | - | - | - | 112,514 |
| Total liabilities | - | - | - | - | - | 13,566 | 1,764 | 144,061 |
| Deferred inflows of resources: | | | | | | | | |
| Unavailable revenue - property and special assessment taxes | - | - | - | 687,997 | - | - | - | 817,814 |
| Total deferred inflows of resources | - | - | - | 687,997 | - | - | - | 817,814 |
| Fund balances: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Inventory | - | - | - | - | - | - | - | 44,747 |
| Restricted: | | | | | | | | |
| Airport | - | - | - | - | - | - | - | 140,466 |
| Community development | - | - | - | - | - | - | - | 617,775 |
| Perpetual care | - | - | - | - | - | - | 418,216 | 418,216 |
| Law enforcement | - | - | 276,521 | - | - | - | - | 276,521 |
| Other purposes | - | - | - | 53,049 | - | - | - | 223,331 |
| Assigned: | | | | | | | | |
| Capital asset acquisition | 76,574 | 267,561 | - | - | - | - | - | 344,135 |
| Total fund balances | 76,574 | 267,561 | 276,521 | 53,049 | - | - | 418,216 | 2,065,191 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 76,574 | $ 267,561 | $ 276,521 | $ 741,046 | $ - | $ 13,566 | $ 419,980 | $ 3,027,066 |

CITY OF NEWTON, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2021

| | Special Revenue Funds | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Airport | Community Development | Special Alcohol Program | Special Highway | Grants | Special Liability | Special Parks & Recreation | Tourism & Convention Promotion |
| Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes | $ 92,035 | $ - | $ - | $ - | $ - | $ 26,367 | $ - | $ - |
| Excise taxes | - | - | - | - | - | - | - | 316,027 |
| Sales taxes | - | - | - | - | - | - | - | - |
| Intergovernmental | 118,364 | 150,000 | 19,469 | 545,766 | 137,636 | 1,535 | 19,469 | - |
| Charges for services | 1,315,054 | - | - | - | - | - | - | - |
| Interest | - | 2 | - | - | - | - | - | - |
| Other | 889 | - | - | - | - | - | - | 10 |
| Total revenues | 1,526,342 | 150,002 | 19,469 | 545,766 | 137,636 | 27,902 | 19,469 | 316,037 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | - | 160,052 | 19,469 | - | - | 60,748 | - | 86,367 |
| Public safety | - | - | - | - | 66,845 | - | - | - |
| Airport | 1,346,542 | - | - | - | 105,156 | - | - | - |
| Capital outlay | - | - | - | - | - | - | - | - |
| Total expenditures | 1,346,542 | 160,052 | 19,469 | - | 172,001 | 60,748 | - | 86,367 |
| Excess (deficiency) of revenues over (under) expenditures | 179,800 | (10,050) | - | 545,766 | (34,365) | (32,846) | 19,469 | 229,670 |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | 58,300 | - | - |
| Transfers out | (168,459) | - | - | (412,335) | - | - | (19,469) | (174,007) |
| Sale of assets | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | (168,459) | - | - | (412,335) | - | 58,300 | (19,469) | (174,007) |
| Net change in fund balances | 11,341 | (10,050) | - | 133,431 | (34,365) | 25,454 | - | 55,663 |
| Fund balances, beginning of year | 173,872 | 536,330 | - | - | 38,319 | 7,443 | - | 35,832 |
| Fund balances, end of year | $ 185,213 | $ 526,280 | $ - | $ 133,431 | $ 3,954 | $ 32,897 | $ - | $ 91,495 |

(Continued)

CITY OF NEWTON, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
(Continued)
Year Ended December 31, 2021

| | Sepcial Revenue Funds | | | | | | Permanent Fund | | |
|---|---|---|---|---|---|---|---|---|---|
| | Airport/Library Capital Improvement | Airport/Library Municipal Equipment Reserve | Special Law Enforcement | Library | ARPA | Commmunity Improvement District Sales Tax | Cemetery & Mausoleum | Eliminations | Total |
| Revenues: | | | | | | | | | |
| Taxes: | | | | | | | | | |
| Property taxes | $ - | $ - | $ - | $ 782,766 | $ - | $ - | $ - | $ - | $ 901,168 |
| Excise taxes | - | - | - | - | - | - | - | - | 316,027 |
| Sales taxes | - | - | - | - | - | 80,270 | - | - | 80,270 |
| Intergovernmental | - | - | - | 46,151 | 1,439,181 | - | - | - | 2,477,571 |
| Charges for services | - | - | 29,753 | - | - | - | - | - | 1,344,807 |
| Interest | - | - | - | - | - | - | 15 | - | 17 |
| Other | 9,260 | 7,885 | - | - | - | - | 25,104 | - | 43,148 |
| Total revenues | 9,260 | 7,885 | 29,753 | 828,917 | 1,439,181 | 80,270 | 25,119 | - | 5,163,008 |
| Expenditures: | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | - | - | 2,132 | 803,788 | - | 80,270 | - | - | 1,212,826 |
| Public safety | - | - | 1,223 | - | - | - | - | - | 68,068 |
| Airport | - | - | - | - | - | - | - | - | 1,451,698 |
| Capital outlay | 13,403 | 11,693 | 11,989 | - | - | - | - | - | 37,085 |
| Total expenditures | 13,403 | 11,693 | 15,344 | 803,788 | - | 80,270 | - | - | 2,769,677 |
| Excess (deficiency) of revenues over (under) expenditures | (4,143) | (3,808) | 14,409 | 25,129 | 1,439,181 | - | 25,119 | - | 2,393,331 |
| Other financing sources (uses): | | | | | | | | | |
| Transfers in | 15,983 | 24,500 | - | - | - | - | - | (40,483) | 58,300 |
| Transfers out | - | - | - | - | (1,439,181) | - | - | 40,483 | (2,172,968) |
| Sale of assets | - | 24,075 | - | - | - | - | - | - | 24,075 |
| Total other financing sources (uses) | 15,983 | 48,575 | - | - | (1,439,181) | - | - | - | (2,090,593) |
| Net change in fund balances | 11,840 | 44,767 | 14,409 | 25,129 | - | - | 25,119 | - | 302,738 |
| Fund balances, beginning of year | 64,734 | 222,794 | 262,112 | 27,920 | - | - | 393,097 | - | 1,762,453 |
| Fund balances, end of year | $ 76,574 | $ 267,561 | $ 276,521 | $ 53,049 | $ - | $ - | $ 418,216 | $ - | $ 2,065,191 |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
AIRPORT FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues and other sources: | | | |
| Property taxes | $ 94,779 | $ 92,035 | $ (2,744) |
| Intergovernmental | 90,000 | 118,364 | 28,364 |
| Fuel sales and rentals | 1,331,114 | 1,315,054 | (16,060) |
| Other | 25,000 | 889 | (24,111) |
| Total revenues and other sources | 1,540,893 | 1,526,342 | (14,551) |
| Expenditures and other uses: | | | |
| Personnel services | 561,184 | 526,647 | (34,537) |
| Contractual services | 314,048 | 268,357 | (45,691) |
| Commodities | 436,750 | 515,090 | 78,340 |
| Vehicle operating | 28,500 | 21,638 | (6,862) |
| Capital outlay | 10,600 | 14,810 | 4,210 |
| Transfers out | 197,376 | 168,459 | (28,917) |
| Total expenditures and other uses | 1,548,458 | 1,515,001 | (33,457) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (7,565) | 11,341 | 18,906 |
| Fund balances, beginning of year | 7,565 | 173,872 | 166,307 |
| Fund balances, end of year | $ - | $ 185,213 | $ 185,213 |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL ALCOHOL PROGRAM FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues and other sources: | | | |
| Liquor tax | $ 30,000 | $ 19,469 | $ (10,531) |
| Expenditures and other uses: | | | |
| Contractual services | 30,000 | 19,469 | (10,531) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | - | - | - |
| Fund balances, beginning of year | - | - | - |
| Fund balances, end of year | $ - | $ - | $ - |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL HIGHWAY FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues and other sources: | | | |
| Intergovernmental | $ 426,490 | $ 545,766 | $ 119,276 |
| Expenditures and other uses: | | | |
| Transfers out | 426,490 | 412,335 | (14,155) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | - | 133,431 | 133,431 |
| Fund balances, beginning of year | - | - | - |
| Fund balances, end of year | $ - | $ 133,431 | $ 133,431 |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL LIABILITY FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues and other sources: | | | |
| Property taxes | $ 26,800 | $ 26,367 | $ (433) |
| Intergovernmental | - | 1,535 | 1,535 |
| Transfers in | 58,200 | 58,300 | 100 |
| Total revenues and other sources | 85,000 | 86,202 | 1,202 |
| Expenditures and other uses: | | | |
| Contractual services | 85,000 | 60,748 | (24,252) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | - | 25,454 | 25,454 |
| Fund balances, beginning of year | - | 7,443 | 7,443 |
| Fund balances, end of year | $ - | $ 32,897 | $ 32,897 |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL PARKS & RECREATION FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues and other sources: | | | |
| Liquor tax | $ 30,000 | $ 19,469 | $ (10,531) |
| Expenditures and other uses: | | | |
| Transfers out | 30,000 | 19,469 | (10,531) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | - | - | - |
| Fund balances, beginning of year | - | - | - |
| Fund balances, end of year | $ - | $ - | $ - |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
TOURISM & CONVENTION PROMOTION FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues and other sources: | | | |
| Transient guest tax | $ 290,000 | $ 316,027 | $ 26,027 |
| Other | - | 10 | 10 |
| Total revenues and other sources | 290,000 | 316,037 | 26,037 |
| Expenditures and other uses: | | | |
| Tourism/conventions | 100,952 | 86,367 | (14,585) |
| Transfers out | 187,671 | 174,007 | (13,664) |
| Total expenditures and other uses | 288,623 | 260,374 | (28,249) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | 1,377 | 55,663 | 54,286 |
| Fund balances, beginning of year | 2,788 | 35,832 | 33,044 |
| Fund balances, end of year | $ 4,165 | $ 91,495 | $ 87,330 |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL LAW ENFORCEMENT FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues and other sources: | | | |
| Forfeitures and other | $ 70,000 | $ 29,753 | $ (40,247) |
| Expenditures and other uses: | | | |
| Commodities and other | 90,000 | 3,355 | (86,645) |
| Capital outlay | 25,000 | 11,989 | (13,011) |
| Total expenditures and other uses | 115,000 | 15,344 | (99,656) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (45,000) | 14,409 | 59,409 |
| Fund balances, beginning of year | 266,600 | 262,112 | (4,488) |
| Fund balances, end of year | $ 221,600 | $ 276,521 | $ 54,921 |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
LIBRARY FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues and other sources: | | | |
| Property taxes | $ 803,336 | $ 782,766 | $ (20,570) |
| Intergovernmental | - | 46,151 | 46,151 |
| Total revenues and other sources | 803,336 | 828,917 | 25,581 |
| Expenditures and other uses: | | | |
| Appropriations to Library | 803,788 | 803,788 | - |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (452) | 25,129 | 25,581 |
| Fund balances, beginning of year | 452 | 27,920 | 27,468 |
| Fund balances, end of year | $ - | $ 53,049 | $ 53,049 |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY IMPROVEMENT DISTRICT SALES TAX FUND
Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| Revenues and other sources: | | | | |
| Sales tax | $ 50,000 | $ 90,000 | $ 80,270 | $ (9,730) |
| Expenditures and other uses: | | | | |
| Expense reimbursements | 50,000 | 90,000 | 80,270 | (9,730) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | - | - | - | - |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | $ - | $ - | $ - | $ - |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CEMETERY & MAUSOLEUM FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues and other sources: | | | |
| Sale of cemetery lots | $ 10,500 | $ 25,104 | $ 14,604 |
| Investment earnings | 4,500 | 15 | (4,485) |
| Total revenues and other sources | 15,000 | 25,119 | 10,119 |
| Expenditures and other uses: | | | |
| Capital outlay | 20,000 | - | (20,000) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (5,000) | 25,119 | 30,119 |
| Fund balances, beginning of year | 89,397 | 393,097 | 303,700 |
| Fund balances, end of year | $ 84,397 | $ 418,216 | $ 333,819 |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
BOND & INTEREST FUND
Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| Revenues and other sources: | | | | |
| Property taxes | $ 1,823,044 | $ 1,823,044 | $ 1,782,833 | $ (40,211) |
| Special assessments | 1,062,877 | 1,062,877 | 1,179,814 | 116,937 |
| Intergovernmental | - | - | 151,547 | 151,547 |
| Bond refunding | - | 6,625,000 | - | (6,625,000) |
| Other | 1,358,084 | 1,358,084 | 900 | (1,357,184) |
| Transfers in | 1,865,604 | 1,865,604 | 3,164,177 | 1,298,573 |
| Total revenues and other sources | 6,109,609 | 12,734,609 | 6,279,271 | (6,455,338) |
| Expenditures and other uses: | | | | |
| Debt service: | | | | |
| Principal | 4,050,000 | 4,050,000 | 3,114,212 | (935,788) |
| Interest | 1,405,843 | 1,405,843 | 984,137 | (421,706) |
| Projected future debt | 658,556 | 658,556 | - | (658,556) |
| Bond refunding | - | 6,625,000 | - | (6,625,000) |
| Transfers out | - | - | 1,584,701 | 1,584,701 |
| Total expenditures and other uses | 6,114,399 | 12,739,399 | 5,683,050 | (7,056,349) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (4,790) | (4,790) | 596,221 | 601,011 |
| Fund balances, beginning of year | 4,790 | 4,790 | 656,689 | 651,899 |
| Fund balances, end of year | $ - | $ - | $ 1,252,910 | $ 1,252,910 |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SEWER FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues and other sources: | | | |
| Service fees | $ 7,868,000 | $ 7,764,495 | $ (103,505) |
| Capital grants | 21,000 | 337,681 | 316,681 |
| Transfers in | 2,545,387 | 3,627,993 | 1,082,606 |
| Other | 22,000 | 30,229 | 8,229 |
| Total revenues and other sources | 10,456,387 | 11,760,398 | 1,304,011 |
| Expenditures and other uses: | | | |
| Personnel services | 1,874,337 | 1,639,429 | (234,908) |
| Contractual services | 937,564 | 967,307 | 29,743 |
| Commodities | 116,700 | 68,220 | (48,480) |
| Vehicle operating | 48,000 | 52,542 | 4,542 |
| Capital outlay | 163,000 | 26,452 | (136,548) |
| Projected debt service | 2,466,897 | 3,678,127 | 1,211,230 |
| Other | 37,401 | 35,429 | (1,972) |
| Transfers out | 6,242,346 | 4,764,750 | (1,477,596) |
| Total expenditures and other uses | 11,886,245 | 11,232,256 | (653,989) |
| Revenues (expenditures) not subject to budget: | | | |
| General obligation bond proceeds | - | 1,094,699 | 1,094,699 |
| Premium on bonds issued | - | 113,184 | 113,184 |
| Transfer in for debt service payments | - | 2,018,175 | 2,018,175 |
| Transfer out for debt service payments | - | (2,018,175) | (2,018,175) |
| Transfer bond proceeds to capital projects | - | (1,094,699) | (1,094,699) |
| Debt service - payments for defeasance of bonds | - | (1,184,811) | (1,184,811) |
| Total revenues (expenditures) not subject to budget: | - | (1,071,627) | (1,071,627) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (1,429,858) | (543,485) | 886,373 |
| Fund balances, beginning of year | 6,469,309 | 8,287,430 | 1,818,121 |
| Fund balances, end of year | $ 5,039,451 | 7,743,945 | $ 2,704,494 |

(Continued)

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SEWER FUND
(Continued)
Year Ended December 31, 2021

| | |
|---|---|
| Reconciliation to GAAP: | |
| Plus capital assets, net of accumulated depreciation at December 31, 2021 | 39,835,062 |
| Plus deferred charges on refunding at December 31, 2021 | 299,008 |
| Plus deferred outflows - OPEB at December 31, 2021 | 12,991 |
| Plus deferred outflows - pension at December 31, 2021 | 229,270 |
| Less compensated absences at December 31, 2021 | (16,446) |
| Less accrued interest payable at December 31, 2021 | (200,873) |
| Less total OPEB liability at December 31, 2021 | (10,978) |
| Less net pension liability at December 31, 2021 | (689,092) |
| Less state revolving fund loans payable at December 31, 2021 | (12,210,338) |
| Less general obligation bonds, net at December 31, 2021 | (9,934,402) |
| Less deferred inflows - OPEB at December 31, 2021 | (18,516) |
| Less deferred inflows - pension at December 31, 2021 | (264,913) |
| Plus encumbrances outstanding at December 31, 2021 | 18,755 |
| Fund balance on the basis of GAAP | 24,793,473 |
| Fund balances for non-budgeted funds included with the Sewer Fund on GAAP basis financials: | |
| Sewer Special Reserve Fund | 5,065,437 |
| | $ 29,858,910 |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SANITATION FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues and other sources: | | | |
| Refuse collection | $ 2,145,701 | $ 2,210,092 | $ 64,391 |
| Other | 56,000 | 29,020 | (26,980) |
| Total revenues and other sources | 2,201,701 | 2,239,112 | 37,411 |
| Expenditures and other uses: | | | |
| Personnel services | 1,030,779 | 996,649 | (34,130) |
| Contractual services | 423,004 | 424,955 | 1,951 |
| Commodities | 61,075 | 19,024 | (42,051) |
| Vehicle operating | 242,389 | 216,290 | (26,099) |
| Transfers out | 474,810 | 513,572 | 38,762 |
| Total expenditures and other uses | 2,232,057 | 2,170,490 | (61,567) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (30,356) | 68,622 | 98,978 |
| Fund balances, beginning of year | 1,125,655 | 1,559,812 | 434,157 |
| Fund balances, end of year | $ 1,095,299 | 1,628,434 | $ 533,135 |
| Reconciliation to GAAP: | | | |
| Plus capital assets, net of accumulated depreciation at December 31, 2021 | | 483,922 | |
| Plus deferred outflows - OPEB at December 31, 2021 | | 2,158 | |
| Plus deferred outflows - pension at December 31, 2021 | | 136,055 | |
| Less compensated absences at December 31, 2021 | | (23,186) | |
| Less total OPEB liability at December 31, 2021 | | (19,805) | |
| Less net pension liability at December 31, 2021 | | (408,925) | |
| Less deferred inflows - OPEB at December 31, 2021 | | (3,218) | |
| Less deferred inflows - pension at December 31, 2021 | | (157,206) | |
| Plus encumbrances outstanding at December 31, 2021 | | 1,820 | |
| Fund balance on the basis of GAAP | | 1,640,049 | |
| Fund balances for non-budgeted funds included with the Sanitation Fund on GAAP basis financials: | | | |
| Solid Waste Special Reserve Fund | | 377,686 | |
| | | $ 2,017,735 | |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
WATERWORKS FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues and other sources: | | | |
| Service fees | $ 4,672,000 | $ 4,682,049 | $ 10,049 |
| Interest | - | 3,532 | 3,532 |
| Other | 43,000 | 51,201 | 8,201 |
| Transfers in | 463,073 | 694,950 | 231,877 |
| Total revenues and other sources | 5,178,073 | 5,431,732 | 253,659 |
| Expenditures and other uses: | | | |
| Personnel services | 1,908,888 | 1,734,318 | (174,570) |
| Contractual services | 1,432,098 | 1,297,588 | (134,510) |
| Commodities | 178,570 | 119,862 | (58,708) |
| Vehicle operating | 75,000 | 63,105 | (11,895) |
| Capital outlay | 85,000 | 21,876 | (63,124) |
| Projected debt service | 758,853 | 448,467 | (310,386) |
| Other | 4,220 | 23,433 | 19,213 |
| Transfers out | 1,821,907 | 1,967,557 | 145,650 |
| Total expenditures and other uses | 6,264,536 | 5,676,206 | (588,330) |
| Revenues (expenditures) not subject to budget: | | | |
| General obligation bond proceeds | - | 1,501,293 | 1,501,293 |
| Premium on bonds issued | - | 156,805 | 156,805 |
| Debt service - payments for defeasance of bonds | - | (1,622,103) | (1,622,103) |
| Total revenues (expenditures) not subject to budget: | - | 35,995 | 35,995 |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (1,086,463) | (208,479) | 877,984 |
| Fund balances, beginning of year | 2,031,026 | 3,271,866 | 1,240,840 |
| Fund balances, end of year | $ 944,563 | 3,063,387 | $ 2,118,824 |
| Reconciliation to GAAP: | | | |
| Plus capital assets, net of accumulated depreciation at December 31, 2021 | | 10,194,164 | |
| Plus deferred charges on refunding at December 31, 2021 | | 15,312 | |
| Plus deferred outflows - OPEB at December 31, 2021 | | 8,621 | |
| Plus deferred outflows - pension at December 31, 2021 | | 242,096 | |
| Less compensated absences at December 31, 2021 | | (41,053) | |
| Less accrued interest payable at December 31, 2021 | | (31,259) | |
| Less total OPEB liability at December 31, 2021 | | (33,164) | |
| Less net pension liability at December 31, 2021 | | (727,640) | |
| Less state revolving fund loans payable at December 31, 2021 | | (1,114,484) | |
| Less general obligation bonds, net at December 31, 2021 | | (2,257,471) | |
| Less deferred inflows - OPEB at December 31, 2021 | | (9,907) | |
| Less deferred inflows - pension at December 31, 2021 | | (279,733) | |
| Plus encumbrances outstanding at December 31, 2021 | | 36,189 | |
| Fund balance on the basis of GAAP | | 9,065,058 | |
| Fund balances for non-budgeted funds included with the Waterworks Fund on GAAP basis financials: | | | |
| Waterworks Special Reserve Fund | | 4,927,178 | |
| | | $ 13,992,236 | |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GOLF COURSE FUND
Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with Final |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| Revenues and other sources: | | | | |
| Golf course revenue | $ 1,126,950 | $ 1,226,950 | $ 1,460,077 | $ 233,127 |
| Interest | - | - | 162 | 162 |
| Other | - | - | 14,414 | 14,414 |
| Total revenues and other sources | 1,126,950 | 1,226,950 | 1,474,653 | 247,703 |
| Expenditures and other uses: | | | | |
| Personnel services | 634,469 | 634,469 | 614,641 | (19,828) |
| Contractual services | 226,735 | 226,735 | 299,127 | 72,392 |
| Commodities | 320,593 | 420,593 | 302,652 | (117,941) |
| Total expenditures and other uses | 1,181,797 | 1,281,797 | 1,216,420 | (65,377) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (54,847) | (54,847) | 258,233 | 313,080 |
| Fund balances, beginning of year | 101,309 | 101,309 | 272,661 | 171,352 |
| Fund balances, end of year | $ 46,462 | $ 46,462 | 530,894 | $ 484,432 |
| Reconciliation to GAAP: | | | | |
| Plus capital assets, net of accumulated depreciation at December 31, 2021 | | | 6,582,419 | |
| Less advances to other funds at December 31, 2021 | | | (2,138,400) | |
| Fund balance on the basis of GAAP | | | 4,974,913 | |
| Fund balances for non-budgeted funds included with the Golf Course Fund on GAAP basis financials: | | | | |
| Golf Course Special Reserve Fund | | | 222,625 | |
| | | | $ 5,197,538 | |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
MERIDIAN CENTER FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues and other sources: | | | |
| Meridian Center revenues | $ 514,039 | $ 152,683 | $ (361,356) |
| Interest | - | 7 | 7 |
| Other | - | 2,285 | 2,285 |
| Transfers in | - | 200,000 | 200,000 |
| Total revenues and other sources | 514,039 | 354,975 | (159,064) |
| Expenditures and other uses: | | | |
| Personnel services | 289,533 | 236,213 | (53,320) |
| Contractual services | 187,767 | 53,364 | (134,403) |
| Commodities | 66,221 | 41,903 | (24,318) |
| Total expenditures and other uses | 543,521 | 331,480 | (212,041) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (29,482) | 23,495 | 52,977 |
| Fund balances, beginning of year | 36,655 | 57,616 | 20,961 |
| Fund balances, end of year | $ 7,173 | 81,111 | $ 73,938 |
| Reconciliation to GAAP: | | | |
| Plus capital assets, net of accumulated depreciation at December 31, 2021 | | 2,696,922 | |
| Plus deferred outflows - pension at December 31, 2021 | | 33,320 | |
| Less compensated absences at December 31, 2021 | | (7,235) | |
| Less net pension liability at December 31, 2021 | | (100,145) | |
| Less deferred inflows - OPEB at December 31, 2021 | | (38,500) | |
| Fund balance on the basis of GAAP - Meridian Center Fund only | | 2,665,473 | |
| Fund balances for non-budgeted funds included with the Meridian Center Fund on GAAP basis financials: | | | |
| Meridian Center Special Reserve Fund | | 129,504 | |
| | | $ 2,794,977 | |

CITY OF NEWTON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
STORES AND MAINTENANCE FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues and other sources: | | | |
| Stores and maintenance revenue | $ 927,693 | $ 753,835 | $ (173,858) |
| Other | - | 2,509 | 2,509 |
| Transfers in | - | 176,619 | 176,619 |
| Total revenues and other sources | 927,693 | 932,963 | 5,270 |
| Expenditures and other uses: | | | |
| Personnel services | 222,448 | 218,823 | (3,625) |
| Contractual services | 57,738 | 58,350 | 612 |
| Commodities | 490,329 | 449,460 | (40,869) |
| Vehicle operating expense | 45,303 | 28,294 | (17,009) |
| Transfer out | 106,000 | 106,000 | - |
| Total expenditures and other uses | 921,818 | 860,927 | (60,891) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | 5,875 | 72,036 | 66,161 |
| Fund balances, beginning of year | 73,120 | 180,574 | 107,454 |
| Fund balances, end of year | $ 78,995 | 252,610 | $ 173,615 |
| Reconciliation to GAAP: | | | |
| Plus capital assets, net of accumulated depreciation at December 31, 2021 | | 561,726 | |
| Less compensated absences at December 31, 2021 | | (6,994) | |
| Fund balance on the basis of GAAP - Stores and Maintenance Fund only | | 807,342 | |
| Fund balances for non-budgeted funds included with the Stores and Maintenance Fund on GAAP basis financials: | | | |
| Stores and Maintenance Special Reserve Fund | | 742,973 | |
| | | $ 1,550,315 | |

CITY OF NEWTON, KANSAS
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
December 31, 2021

| | Health Benefits Risk Management | Stores and Maintenance | Total |
|---|---|---|---|
| Assets: | | | |
| Current assets: | | | |
| Cash and investments | $ 2,738,887 | $ 906,146 | $ 3,645,033 |
| Prepaid items | 20,000 | - | 20,000 |
| Inventory | - | 98,306 | 98,306 |
| Total current assets | 2,758,887 | 1,004,452 | 3,763,339 |
| Capital assets: | | | |
| Capital assets, net of accumulated depreciation | - | 561,726 | 561,726 |
| Total assets | 2,758,887 | 1,566,178 | 4,325,065 |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | 1,290 | 5,811 | 7,101 |
| Accrued expenses | - | 3,058 | 3,058 |
| Compensated absences | - | 6,994 | 6,994 |
| Unreported claims payable | 151,249 | - | 151,249 |
| Total current liabilities | 152,539 | 15,863 | 168,402 |
| Net position: | | | |
| Net investment in capital assets | - | 561,726 | 561,726 |
| Unrestricted | 2,606,348 | 988,589 | 3,594,937 |
| Total net position | $ 2,606,348 | $ 1,550,315 | $ 4,156,663 |

CITY OF NEWTON, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - INTERNAL SERVICE FUNDS
Year Ended December 31, 2021

| | Health Benefits Risk Management | Stores and Maintenance | Total |
|---|---|---|---|
| Operating revenues: | | | |
| Charges for sales and services | $ 3,094,683 | $ 753,835 | $ 3,848,518 |
| Miscellaneous | - | 31,338 | 31,338 |
| Total operating revenues | 3,094,683 | 785,173 | 3,879,856 |
| Operating expenses: | | | |
| Personnel services | 2,928,100 | 218,823 | 3,146,923 |
| Contractual services | 224,533 | 64,574 | 289,107 |
| Commodities | - | 443,012 | 443,012 |
| Vehicle operating | - | 28,294 | 28,294 |
| Depreciation and amortization | - | 58,827 | 58,827 |
| Total expenses | 3,152,633 | 813,530 | 3,966,163 |
| Operating loss | (57,950) | (28,357) | (86,307) |
| Transfers: | | | |
| Transfers in | - | 455,412 | 455,412 |
| Transfers out | - | (213,793) | (213,793) |
| Change in net position | (57,950) | 213,262 | 155,312 |
| Net position, beginning of year | 2,664,298 | 1,337,053 | 4,001,351 |
| Net position, end of year | $ 2,606,348 | $ 1,550,315 | $ 4,156,663 |

CITY OF NEWTON, KANSAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
Year Ended December 31, 2021

| | Health Benefits Risk Management | Stores and Maintenance | Total |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Cash received from customers | $ 3,094,683 | $ 785,173 | $ 3,879,856 |
| Cash payments to suppliers for goods and services | (224,533) | (560,352) | (784,885) |
| Cash payments to employees for services | - | (218,395) | (218,395) |
| Cash payments for employee health benefits | (2,891,082) | - | (2,891,082) |
| Net cash flows from operating activities | (20,932) | 6,426 | (14,506) |
| Cash flows from non-capital financing activities: | | | |
| Transfers in | - | 455,412 | 455,412 |
| Transfers out | - | (213,793) | (213,793) |
| Net cash flows from non-capital financing activities | - | 241,619 | 241,619 |
| Cash flows from capital and related financing activities: | | | |
| Payments for capital assets | - | (114,242) | (114,242) |
| Net change in cash | (20,932) | 133,803 | 112,871 |
| Cash, beginning of year | 2,759,819 | 772,343 | 3,532,162 |
| Cash, end of year | $ 2,738,887 | $ 906,146 | $ 3,645,033 |

(Continued)

CITY OF NEWTON, KANSAS
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
(Continued)
Year Ended December 31, 2021

| | Health Benefits Risk Management | Stores and Maintenance | Total |
|---|---|---|---|
| Reconciliation of operating loss to net cash from operating activities: | | | |
| Operating loss | $ (57,950) | $ (28,357) | $ (86,307) |
| Adjustments to reconcile operating loss to net cash flows from operating activities: | | | |
| Depreciation and amortization | - | 58,827 | 58,827 |
| Changes in operating assets and liabilities: | | | |
| Inventory | - | (23,512) | (23,512) |
| Accounts payable | (1,007) | (960) | (1,967) |
| Accrued expenses | - | 428 | 428 |
| Unreported claims payable | 38,025 | - | 38,025 |
| Net cash flows from operating activities | $ (20,932) | $ 6,426 | $ (14,506) |

CITY OF NEWTON, KANSAS
COMPONENT UNIT FUND FINANCIAL STATEMENTS - NEWTON PUBLIC LIBRARY
BALANCE SHEET
December 31, 2021

| | | |
|---|---|---|
| Assets: | | |
| Cash | $ | 2,141,597 |
| Liabilities: | | |
| Accounts payable | $ | 23 |
| Fund balance: | | |
| Assigned for library services | | 2,141,574 |
| | $ | 2,141,597 |

CITY OF NEWTON, KANSAS
COMPONENT UNIT FUND FINANCIAL STATEMENTS - NEWTON PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended December 31, 2021

| | | |
|---|---|---|
| Revenues: | | |
| Taxes | $ | 803,788 |
| Intergovernmental | | 89,707 |
| Fines and fees | | 13,475 |
| Interest | | 3,122 |
| Other | | 28,211 |
| | | 938,303 |
| Expenditures: | | |
| Personnel services | | 493,243 |
| Contractual services | | 58,316 |
| Commodities | | 161,857 |
| Capital outlay | | 171,540 |
| | | 884,956 |
| Revenues over expenditures | | 53,347 |
| Fund balances, beginning | | 2,088,227 |
| Fund balances, ending | $ | 2,141,574 |

## STATISTICAL SECTION

This part of the City of Newton annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the City's overall financial health.


| Contents | Page |
|---|---|
| **Financial Trends**<br>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 113 |
| **Revenue Capacity**<br>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax. | 124 |
| **Debt Capacity**<br>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | 127 |
| **Demographic and Economic Information**<br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | 134 |
| **Operating Information**<br>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs. | 136 |


Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

**City of Newton, Kansas**
**Net Position by Component**
**Last Ten Fiscal Years**
**(accrual basis of accounting)**

| | Fiscal Year | | |
|---|---|---|---|
| | 2012 | 2013 | 2014 |
| Governmental Activities | | | |
| Net Investment in capital assets | $ 24,482,456 | $ 26,838,054 | $ 29,883,633 |
| Restricted | 1,404,089 | 1,536,715 | 1,362,548 |
| Unrestricted | 13,844,191 | 17,093,475 | 16,219,976 |
| Total Governmental Activities Net Position | 39,730,736 | 45,468,244 | 47,466,157 |
| Business-Type Activities | | | |
| Net Investment in capital assets | 25,496,054 | 24,448,242 | 27,620,849 |
| Restricted | 434,960 | 434,960 | 434,960 |
| Unrestricted | 11,793,203 | 14,308,166 | 14,007,071 |
| Total Business-Type Activities Net Position | 37,724,217 | 39,191,368 | 42,062,880 |
| Primary Government | | | |
| Net Investment in capital assets | 49,978,510 | 51,286,296 | 57,504,482 |
| Restricted | 1,839,049 | 1,971,675 | 1,797,508 |
| Unrestricted | 25,637,394 | 31,401,641 | 30,227,047 |
| Total Primary Government Net Position | $ 77,454,953 | $ 84,659,612 | $ 89,529,037 |

| Fiscal Year | | | | | | |
|---|---|---|---|---|---|---|
| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| $ 36,686,376 | $ 38,764,600 | $ 39,761,637 | $ 31,214,458 | $ 33,431,937 | $ 32,670,298 | $ 36,511,227 |
| 1,439,323 | 1,933,865 | 1,500,683 | 1,346,578 | 1,830,999 | 1,997,395 | 2,630,206 |
| 13,795,417 | 6,823,532 | 7,429,172 | 9,713,861 | 4,692,930 | 9,353,969 | 8,002,860 |
| 51,921,116 | 47,521,997 | 48,691,492 | 42,274,897 | 39,955,866 | 44,021,662 | 47,144,293 |
| 20,602,178 | 22,489,495 | 24,173,466 | 25,953,239 | 29,671,394 | 29,137,494 | 36,215,736 |
| - | - | - | - | - | - | - |
| 13,789,024 | 18,016,978 | 18,787,380 | 19,680,498 | 20,918,856 | 21,304,587 | 19,671,864 |
| 34,391,202 | 40,506,473 | 42,960,846 | 45,633,737 | 50,590,250 | 50,442,081 | 55,887,600 |
| 57,288,554 | 61,254,095 | 63,935,103 | 57,167,697 | 63,103,331 | 61,807,792 | 72,726,963 |
| 1,439,323 | 1,933,865 | 1,500,683 | 1,346,578 | 1,830,999 | 1,997,395 | 2,630,206 |
| 27,584,441 | 24,840,510 | 26,216,552 | 29,394,359 | 25,611,786 | 30,658,556 | 27,674,724 |
| $ 86,312,318 | $ 88,028,470 | $ 91,652,338 | $ 87,908,634 | $ 90,546,116 | $ 94,463,743 | $ 103,031,893 |

## City of Newton, Kansas
## Changes in Net Position
## Last Ten Fiscal Years
## (accrual basis of accounting)

| | Fiscal Year | | |
|---|---|---|---|
| | 2012 | 2013 | 2014 |
| **Expenses** | | | |
| Governmental Activities: | | | |
| General Government | $ 2,281,149 | $ 2,288,726 | $ 2,748,317 |
| Public Safety | 8,400,567 | 8,646,918 | 9,091,977 |
| Highway and streets | 2,862,971 | 3,032,939 | 3,123,553 |
| Culture and recreation | 3,232,179 | 3,419,439 | 3,301,952 |
| Airport | 1,596,306 | 1,552,477 | 2,037,345 |
| Public works | 981,461 | 1,864,153 | 1,768,709 |
| Interest and fiscal charges | 1,576,424 | 1,538,070 | 1,455,266 |
| Total Governmental Activities Expenses | 20,931,057 | 22,342,722 | 23,527,119 |
| Business-Type Activities: | | | |
| Sewer | 4,203,694 | 4,281,556 | 4,497,867 |
| Sanitation | 1,754,844 | 1,712,657 | 1,719,060 |
| Waterworks | 3,453,805 | 3,337,612 | 3,626,523 |
| Golf Course | 1,640,913 | 1,567,606 | 1,810,959 |
| Public Building Commission | - | - | - |
| Meridian Center | - | - | - |
| Total Business-Type Activities Expenses | 11,053,256 | 10,899,431 | 11,654,409 |
| Total Primary Government Expenses | $ 31,984,313 | $ 33,242,153 | $ 35,181,528 |
| **Program Revenues** | | | |
| Governmental Activities | | | |
| Charges for Services: | | | |
| General Government | $ 360,625 | $ 363,047 | $ 309,320 |
| Public Safety | 1,875,450 | 1,918,658 | 1,839,673 |
| Highway and streets | 2,744 | 16,460 | 17,054 |
| Culture and recreation | 371,008 | 325,775 | 363,347 |
| Airport | 1,527,578 | 1,461,068 | 1,782,788 |
| Operating Grants and Contributions | 593,861 | 642,795 | 632,319 |
| Capital Grants and Contributions | 4,369,812 | 5,828,963 | 2,586,491 |
| Total Governmental Activities Program Revenues | 9,101,078 | 10,556,766 | 7,530,992 |
| Business-Type Activities: | | | |
| Charges for Services: | | | |
| Sewer | 5,358,722 | 5,728,875 | 8,253,518 |
| Sanitation | 1,702,587 | 1,758,369 | 1,886,439 |
| Waterworks | 5,375,672 | 4,719,479 | 4,866,859 |
| Golf Course | 1,302,271 | 1,158,457 | 1,212,284 |
| Public Building Commission | - | - | - |
| Meridian Center | - | - | - |
| Capital Grants and Contributions | 145,000 | 889,233 | 669,107 |
| Total Business-Type Activities Program Revenues | 13,884,252 | 14,254,413 | 16,888,207 |
| Total Primary Government Program Revenues | $ 22,985,330 | $ 24,811,179 | $ 24,419,199 |

| Fiscal Year | | | | | | |
|---|---|---|---|---|---|---|
| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| $ 5,174,403 | $ 5,783,528 | $ 5,620,468 | $ 12,778,534 | $ 7,559,081 | $ 5,681,133 | $ 5,385,546 |
| 9,303,375 | 9,505,060 | 10,088,286 | 10,116,200 | 10,805,239 | 11,427,887 | 11,050,615 |
| 3,648,390 | 4,282,409 | 3,800,765 | 5,093,585 | 4,970,201 | 3,773,794 | 4,404,305 |
| 1,579,483 | 1,234,521 | 1,171,821 | 1,174,557 | 1,215,667 | 1,347,875 | 1,300,417 |
| 1,087,037 | 1,102,985 | 1,206,993 | 1,232,950 | 1,173,152 | 1,042,403 | 1,606,844 |
| - | - | - | - | - | - | - |
| 1,132,419 | 1,105,739 | 1,013,907 | 1,132,291 | 1,335,809 | 1,461,697 | 1,073,799 |
| 21,925,107 | 23,014,242 | 22,902,240 | 31,528,117 | 27,059,149 | 24,734,789 | 24,821,526 |
| 4,637,153 | 4,998,558 | 5,324,984 | 4,501,081 | 4,523,468 | 5,206,266 | 5,308,781 |
| 1,513,093 | 1,527,086 | 1,554,284 | 1,374,701 | 1,362,051 | 1,773,244 | 1,752,106 |
| 3,508,579 | 3,391,266 | 3,120,146 | 2,942,407 | 2,857,374 | 3,497,672 | 3,633,023 |
| 1,528,489 | 1,473,942 | 1,426,127 | 1,470,516 | 1,400,571 | 1,456,132 | 1,566,644 |
| 562,527 | 368,853 | 324,963 | 347,820 | 340,555 | 569,091 | 449,532 |
| - | - | - | - | - | - | 548,489 |
| 11,749,841 | 11,759,705 | 11,750,504 | 10,636,525 | 10,484,019 | 12,502,405 | 13,258,575 |
| $ 33,674,948 | $ 34,773,947 | $ 34,652,744 | $ 42,164,642 | $ 37,543,168 | $ 37,237,194 | $ 38,080,101 |
| $ 2,368,777 | $ 2,705,182 | $ 2,942,043 | $ 2,821,681 | $ 2,880,710 | $ 2,471,425 | $ 362,792 |
| 747,634 | 741,231 | 563,183 | 623,596 | 612,601 | 470,104 | 2,644,137 |
| 239,518 | 74,030 | 77,080 | 61,000 | 44,500 | 39,417 | - |
| - | - | - | - | - | - | - |
| 1,209,220 | 1,239,584 | 1,334,896 | 1,215,993 | 1,112,107 | 1,004,608 | 1,315,054 |
| 322,763 | 174,911 | 163,944 | 164,488 | 178,704 | 161,641 | 1,761,940 |
| 897,434 | 930,216 | 2,231,945 | 1,544,643 | 2,587,110 | 3,225,926 | 5,527,136 |
| 5,785,346 | 5,865,154 | 7,313,091 | 6,431,401 | 7,415,732 | 7,373,121 | 11,611,059 |
| 8,423,449 | 7,884,133 | 7,793,529 | 7,806,912 | 7,852,401 | 7,799,368 | 7,795,384 |
| 1,951,091 | 1,960,966 | 2,050,712 | 2,086,312 | 2,106,863 | 2,184,475 | 2,239,112 |
| 4,891,503 | 4,591,259 | 4,738,762 | 4,641,193 | 4,524,748 | 4,661,008 | 4,728,560 |
| 1,169,398 | 1,059,336 | 1,023,682 | 1,071,171 | 1,086,254 | 1,232,184 | 1,474,491 |
| 336,594 | 345,633 | 349,530 | 353,909 | 358,476 | 396,780 | 404,641 |
| - | - | - | - | - | - | 159,968 |
| 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 342,372 |
| 16,793,035 | 15,862,327 | 15,977,215 | 15,980,497 | 15,949,742 | 16,294,815 | 17,144,528 |
| $ 22,578,381 | $ 21,727,481 | $ 23,290,306 | $ 22,411,898 | $ 23,365,474 | $ 23,667,936 | $ 28,755,587 |

## City of Newton, Kansas
## Changes in Net Position
## Last Ten Fiscal Years (Continued)
### (accrual basis of accounting)

| | Fiscal Year | | |
|---|---|---|---|
| | 2012 | 2013 | 2014 |
| **Net (Expense) Revenue** | | | |
| Governmental Activities | $(11,829,979) | $(11,785,956) | $(15,996,127) |
| Business-Type Activities: | 2,830,996 | 3,354,982 | 5,233,798 |
| Total Primary Government Net Expense | $ (8,998,983) | $ (8,430,974) | $(10,762,329) |
| **General revenues:** | | | |
| Governmental Activities: | | | |
| Taxes | | | |
| Property taxes and special assessments | $ 6,012,857 | $ 7,896,230 | $ 7,010,541 |
| Sales tax | 4,766,390 | 4,822,064 | 5,084,012 |
| Franchise taxes | 1,409,419 | 1,533,637 | 1,641,767 |
| Excise taxes | - | - | - |
| Other | 917,411 | 907,779 | 1,050,347 |
| Intergovernmental, not restricted to specific programs | 653,629 | 630,322 | 643,094 |
| Investment earnings | 9,952 | 8,873 | 7,665 |
| Gain (Loss) on sale of property | - | - | - |
| Other | 186,558 | 436,256 | 194,311 |
| Transfers in (out) | 2,112,029 | 1,887,870 | 2,362,303 |
| Total governmental activities | 16,068,245 | 18,123,031 | 17,994,040 |
| Business-Type Activities | | | |
| Property Taxes | - | - | - |
| Investment earnings | 77 | 39 | 17 |
| Gain (Loss) on sale of property | - | - | - |
| Other | 16,782 | - | - |
| Transfers in (out) | (2,112,029) | (1,887,870) | (2,362,303) |
| Total Business-Type Activities | (2,095,170) | (1,887,831) | (2,362,286) |
| Total Primary Government | $ 13,973,075 | $ 16,235,200 | $ 15,631,754 |
| **Change in Net Position** | | | |
| Governmental Activities: | $ 4,238,266 | $ 6,337,075 | $ 1,997,913 |
| Business-Type Activities | 735,826 | 1,467,151 | 2,871,512 |
| Total Primary Government | $ 4,974,092 | $ 7,804,226 | $ 4,869,425 |

| Fiscal Year | | | | | | |
|---|---|---|---|---|---|---|
| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| $(16,139,761) | $(17,149,088) | $(15,589,149) | $(25,096,716) | $(19,643,417) | $(17,361,668) | $(13,210,467) |
| 5,043,194 | 4,102,622 | 4,226,711 | 5,343,972 | 5,465,723 | 3,792,410 | 3,885,953 |
| $(11,096,567) | $(13,046,466) | $(11,362,438) | $(19,752,744) | $(14,177,694) | $(13,569,258) | $ (9,324,514) |
| $ 6,937,340 | $ 6,971,421 | $ 7,493,054 | $ 8,126,788 | $ 8,268,042 | $ 8,767,116 | $ 8,835,761 |
| 5,122,782 | 5,209,627 | 5,106,324 | 5,099,402 | 5,355,924 | 5,526,871 | 6,221,635 |
| 1,533,036 | 1,549,594 | 1,551,793 | 1,615,724 | 1,566,090 | 1,468,435 | 1,519,599 |
| 333,362 | 229,487 | 295,187 | 261,630 | 288,752 | 188,022 | 316,027 |
| 1,142,945 | 568,864 | 788,044 | - | - | - | - |
| | | | - | - | - | - |
| - | - | - | - | - | - | - |
| 8,664 | 31,836 | 158,132 | 387,944 | 592,968 | 202,942 | 4,056 |
| - | - | - | - | - | 54,424 | - |
| - | - | - | 601,400 | 585,095 | 1,138,762 | 730,551 |
| 6,518,537 | 2,232,376 | 1,931,491 | 2,805,431 | 667,515 | 4,080,892 | (1,160,492) |
| 21,596,666 | 16,793,205 | 17,324,025 | 18,898,319 | 17,324,386 | 21,427,464 | 16,467,137 |
| 21,030 | 88,918 | 150,452 | 118,927 | 126,910 | 133,941 | 142,240 |
| 743 | 968 | 2,043 | 4,423 | 5,245 | 5,872 | 3,962 |
| - | 55,810 | 50,079 | 11,000 | 26,150 | 500 | 60,105 |
| - | - | - | - | - | - | - |
| (6,518,537) | (2,232,376) | (1,931,491) | (2,805,431) | (667,515) | (4,080,892) | 1,160,492 |
| (6,496,764) | (2,086,680) | (1,728,917) | (2,671,081) | (509,210) | (3,940,579) | 1,366,799 |
| $ 15,099,902 | $ 14,706,525 | $ 15,595,108 | $ 16,227,238 | $ 16,815,176 | $ 17,486,885 | $ 17,833,936 |
| $ 5,456,905 | $ (355,883) | $ 1,734,876 | $ (6,198,397) | $ (2,319,031) | $ 4,065,796 | $ 3,256,670 |
| (1,453,570) | 2,015,942 | 2,497,794 | 2,672,891 | 4,956,513 | (148,169) | 5,252,752 |
| $ 4,003,335 | $ 1,660,059 | $ 4,232,670 | $ (3,525,506) | $ 2,637,482 | $ 3,917,627 | $ 8,509,422 |

## City of Newton, Kansas
### Fund Balances, Governmental Funds
### Last Ten Fiscal Years
*(modified accrual basis of accounting)*

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 |
| **General Fund** | | | | |
| Nonspendable | $ 18,044 | $ 474,245 | $ 469,527 | $ 81,134 |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | 1,133,753 | 4,116,323 | 4,186,079 | 2,648,047 |
| Unassigned | 3,329,547 | 2,273,622 | 2,669,488 | 4,618,705 |
| Total General Fund | $ 4,481,344 | $ 6,864,190 | $ 7,325,094 | $ 7,347,886 |
| **All Other Governmental Funds** | | | | |
| Nonspendable | $ 79,067 | $ 64,971 | $ 70,986 | $ 2,580,236 |
| Restricted | 1,404,089 | 1,536,715 | 1,362,548 | 1,634,223 |
| Committed | - | - | - | - |
| Assigned | 3,586,875 | 787,481 | 736,906 | 529,656 |
| Unassigned | (9,788,112) | (6,521,063) | (7,904,689) | (110,924) |
| Total all other governmental funds | $ (4,718,081) | $ (4,131,896) | $ (5,734,249) | $ 4,633,191 |

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| $ 378,184 | $ 400,497 | $ 400,438 | $ 172,758 | $ 143,293 | $ 370,825 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 2,956,891 | 3,776,145 | 3,845,686 | 4,799,804 | 5,316,609 | 6,248,318 |
| 4,086,247 | 5,087,304 | 5,912,102 | 6,806,108 | 6,494,744 | 6,924,108 |
| $ 7,421,322 | $ 9,263,946 | $ 10,158,226 | $ 11,778,670 | $ 11,954,646 | $ 13,543,251 |
| $ 2,346,965 | $ 2,161,678 | $ 82,228 | $ 59,402 | $ 31,981 | $ 44,747 |
| 1,933,865 | 1,809,478 | 3,869,877 | 2,096,600 | 2,322,815 | 2,929,219 |
| - | - | - | - | - | - |
| 489,123 | 464,797 | 438,279 | 354,337 | 315,448 | 344,135 |
| (5,769,877) | (5,086,357) | (2,864,526) | (6,514,042) | (1,593,805) | (3,830,366) |
| $ (999,924) | $ (650,404) | $ 1,525,858 | $ (4,003,703) | $ 1,076,439 | $ (512,265) |

## City of Newton, Kansas
### Changes in Fund Balances, Governmental Funds
### Last Ten Fiscal Years
*(modified accrual basis of accounting)*

| | Fiscal Year | | |
|---|---|---|---|
| | 2012 | 2013 | 2014 |
| **Revenues:** | | | |
| Taxes and special assessments | $ 13,778,577 | $ 14,429,226 | $ 15,540,667 |
| Intergovernmental | 5,617,302 | 7,102,080 | 3,197,923 |
| Licenses and permits | 198,712 | 156,468 | 174,173 |
| Charges for services | 1,557,363 | 1,660,051 | 1,454,223 |
| Fines, forfeitures and penalties | 536,584 | 534,836 | 592,416 |
| Use of money and property | 614,326 | 885,909 | 924,512 |
| Other | 1,533,700 | 1,371,728 | 1,392,824 |
| Total revenues | 23,836,564 | 26,140,298 | 23,276,738 |
| **Expenditures:** | | | |
| Current: | | | |
| General government | 2,146,861 | 2,167,088 | 2,582,772 |
| Public safety | 8,007,610 | 8,471,230 | 8,710,352 |
| Highway and streets | 1,992,332 | 2,170,059 | 2,161,912 |
| Culture and recreation | 2,856,180 | 3,065,122 | 2,898,249 |
| Airport | 1,282,929 | 1,260,621 | 1,542,993 |
| Capital outlay | 8,533,381 | 6,900,796 | 5,066,359 |
| Debt service: | | | |
| Principal | 1,942,355 | 2,165,351 | 2,319,928 |
| Interest | 1,573,325 | 1,474,474 | 1,496,978 |
| Fees and commissions | 65,689 | 1,185 | 947 |
| Total expenditures | 28,400,662 | 27,675,926 | 26,780,490 |
| Excess (deficiency) of revenues over (under) expenditures | (4,564,098) | (1,535,628) | (3,503,752) |
| **Other financing sources (uses):** | | | |
| General obligation bonds issued | - | 2,635,553 | - |
| Refunding bonds issued | 3,570,000 | 5,225,000 | - |
| Sales of capital assets | - | - | - |
| Transfers in | 6,821,972 | 4,902,531 | 4,537,230 |
| Premium on general obligation bonds issued | - | - | - |
| Payment to refunding bond escrow agent | (3,577,286) | (5,243,764) | - |
| Transfers out | (4,709,943) | (3,014,661) | (2,174,927) |
| Total other financing sources (uses) | 2,104,743 | 4,504,659 | 2,362,303 |
| Net change in fund balances | $ (2,459,355) | $ 2,969,031 | $ (1,141,449) |
| Debt service as a percentage of noncapital expenditures | 16.86% | 16.08% | 16.25% |

| Fiscal Year | | | | | | |
|---|---|---|---|---|---|---|
| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| $ 15,007,865 | $ 15,052,285 | $ 15,480,760 | $ 16,170,614 | $ 16,561,690 | $ 16,885,494 | $ 18,072,836 |
| 1,005,734 | 1,111,259 | 2,359,315 | 1,420,014 | 1,740,253 | 2,503,891 | 7,211,550 |
| 218,416 | 188,896 | 268,272 | 211,191 | 179,581 | 246,223 | 268,673 |
| 3,599,100 | 4,015,948 | 4,135,203 | 3,936,825 | 3,895,673 | 3,273,780 | 3,537,380 |
| 747,634 | 555,184 | 513,727 | 574,254 | 574,664 | 465,551 | 515,930 |
| 8,664 | 31,836 | 158,132 | 387,944 | 592,969 | 202,942 | 4,056 |
| 1,142,945 | 568,866 | 788,043 | 601,403 | 585,097 | 1,138,759 | 730,551 |
| 21,730,358 | 21,524,274 | 23,703,452 | 23,302,245 | 24,129,927 | 24,716,640 | 30,340,976 |
| 3,806,879 | 4,611,452 | 4,345,450 | 5,265,340 | 5,030,510 | 4,382,359 | 3,874,911 |
| 9,163,587 | 8,967,108 | 9,030,689 | 9,531,363 | 9,586,393 | 10,028,895 | 10,487,108 |
| 2,363,275 | 2,573,365 | 2,366,007 | 2,894,550 | 3,239,675 | 2,512,205 | 2,852,039 |
| 1,124,950 | 1,035,743 | 966,463 | 987,674 | 1,044,970 | 1,129,287 | 1,136,918 |
| 1,087,037 | 1,102,985 | 1,206,993 | 1,232,950 | 1,173,152 | 1,042,403 | 1,451,698 |
| 15,525,043 | 5,090,535 | 2,402,131 | 4,298,181 | 5,873,290 | 5,744,279 | 8,286,787 |
| 1,964,548 | 2,131,737 | 2,435,808 | 2,548,882 | 4,201,125 | 13,010,189 | 3,114,212 |
| 1,156,818 | 1,034,633 | 1,010,773 | 994,140 | 1,340,904 | 1,083,516 | 1,085,184 |
| 109,385 | 109,560 | 179 | 114,048 | - | - | - |
| 36,301,522 | 26,657,118 | 23,764,493 | 27,867,128 | 31,490,019 | 38,933,133 | 32,288,857 |
| (14,571,164) | (5,132,844) | (61,041) | (4,564,883) | (7,360,092) | (14,216,493) | (1,947,881) |
| 5,407,691 | - | - | 3,615,000 | - | 14,802,434 | - |
| - | 7,259,704 | - | - | - | - | (3,643,087) |
| 90,000 | 58,405 | 62,705 | 175,750 | 117,681 | 107,940 | 102,318 |
| 19,955,741 | 7,404,021 | 6,394,896 | 7,671,491 | 7,339,662 | 9,063,480 | 8,220,561 |
| - | 565,412 | - | 64,026 | - | - | 3,369,009 |
| - | (7,735,899) | - | - | - | (341,190) | 350,187 |
| (4,313,221) | (3,935,242) | (4,204,416) | (3,890,842) | (4,006,368) | (4,160,053) | (6,317,165) |
| 21,140,211 | 3,616,401 | 2,253,185 | 7,635,425 | 3,450,975 | 19,472,611 | 2,081,823 |
| $ 6,569,047 | $ (1,516,443) | $ 2,192,144 | $ 3,070,542 | $ (3,909,117) | $ 5,256,118 | $ 133,942 |
| 10.08% | 13.47% | 15.55% | 13.78% | 18.22% | 40.66% | 16.55% |

## City of Newton, Kansas
### Tax Revenues by Source, Governmental Funds
### Last Ten Fiscal Years
*(modified accrual basis of accounting)*

| Fiscal Year | Property Tax | Motor Vehicle Tax | Sales Tax | Transient Guest Tax | Franchise Taxes | Special Assessments | Total |
|---|---|---|---|---|---|---|---|
| 2012 | $ 4,944,986 | $ 665,351 | $ 4,766,389 | $ 198,593 | $ 1,431,604 | $ 1,090,213 | $ 13,097,136 |
| 2013 | 5,180,522 | 698,981 | 4,846,036 | 222,327 | 1,555,840 | 1,174,714 | 13,678,421 |
| 2014 | 5,783,604 | 715,810 | 5,084,012 | 219,953 | 1,663,360 | 1,220,746 | 14,687,485 |
| 2015 | 6,117,926 | 819,414 | 5,122,782 | 333,362 | 1,533,036 | 1,081,345 | 15,007,865 |
| 2016 | 6,129,332 | 842,089 | 5,209,627 | 229,487 | 1,549,594 | 1,092,156 | 15,052,286 |
| 2017 | 6,654,191 | 838,864 | 5,106,324 | 295,189 | 1,551,793 | 1,034,403 | 15,480,764 |
| 2018 | 7,184,820 | 941,968 | 5,099,402 | 261,630 | 1,615,724 | 1,067,070 | 16,170,614 |
| 2019 | 7,277,400 | 990,642 | 5,355,924 | 288,752 | 1,566,090 | 1,082,882 | 16,561,690 |
| 2020 | 7,728,410 | 1,038,706 | 5,526,871 | 188,022 | 1,468,435 | 935,050 | 16,885,493 |
| 2021 | 7,749,479 | 1,086,282 | 6,221,635 | 316,027 | 1,519,599 | 1,179,814 | 18,072,836 |
| Change 2012-2021 | 56.7% | 63.3% | 30.5% | 59.1% | 6.1% | 8.2% | 38.0% |

# City of Newton, Kansas

## Assessed Value and Estimated Actual Value of Taxable Property
## Last Ten Fiscal Years

| Fiscal Year | Real Property | Personal Property | Motor Vehicle | Total | Total Direct Tax Rate | Estimated Actual Value | Assessed Value as a Percentage of Actual Value |
|---|---|---|---|---|---|---|---|
| 2011 | $ 105,090,889 | $ 9,866,440 | $ 16,765,853 | $ 131,723,182 | $ 45.540 | $ 837,160,394 | 15.73% |
| 2012 | 105,430,488 | 9,548,769 | 16,685,086 | 131,664,343 | 45.849 | 847,031,257 | 15.54% |
| 2013 | 106,607,455 | 9,516,129 | 16,974,048 | 133,097,632 | 51.114 | 851,446,896 | 15.63% |
| 2014 | 108,681,175 | 8,459,719 | 17,144,189 | 134,285,083 | 52.096 | 861,683,717 | 15.58% |
| 2015 | 109,184,983 | 8,918,542 | 17,557,227 | 135,660,752 | 52.091 | 870,900,047 | 15.58% |
| 2016 | 110,136,068 | 8,797,562 | 17,745,559 | 136,679,189 | 57.121 | 881,164,701 | 15.51% |
| 2017 | 111,244,972 | 8,766,296 | 17,682,215 | 137,693,483 | 60.326 | 885,807,281 | 15.54% |
| 2018 | 111,511,358 | 9,124,296 | 18,180,252 | 138,815,906 | 62.509 | 893,278,237 | 15.54% |
| 2019 | 115,857,340 | 9,336,794 | 18,592,793 | 143,786,927 | 62.470 | 923,963,971 | 15.56% |
| 2020 | 118,204,379 | 9,852,038 | 18,909,615 | 146,966,032 | 62.535 | 945,971,580 | 15.54% |
| 2021 | 120,463,231 | 9,333,541 | 19,455,107 | 149,251,879 | 62.506 | 978,287,548 | 15.26% |

***Source:*** *Harvey County Clerk*

*The assessed value of each class is calculated by varying percentages of appraised or market value. The range varies from 11.5% for residential to 33% for public utilities.*

*n/a: Information not available.*

## Property Tax Levies and Collections
## Last Ten Fiscal Years

| Fiscal Year | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|---|---|---|---|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2012 | 6,436,611 | 5,949,668 | 92.43% | 203,558 | 6,153,226 | 95.60% |
| 2013 | 6,488,404 | 6,163,075 | 94.99% | 133,053 | 6,296,127 | 97.04% |
| 2014 | 7,194,203 | 6,850,152 | 95.22% | 131,899 | 6,982,051 | 97.05% |
| 2015 | 7,451,137 | 7,102,109 | 95.32% | 139,512 | 7,241,621 | 97.19% |
| 2016 | 7,503,461 | 7,163,158 | 95.46% | 211,101 | 7,374,260 | 98.28% |
| 2017 | 8,127,835 | 7,912,242 | 97.35% | 182,705 | 8,094,947 | 99.60% |
| 2018 | 8,613,339 | 8,184,191 | 95.02% | 149,426 | 8,333,617 | 96.75% |
| 2019 | 8,945,655 | 8,419,984 | 94.12% | 229,568 | 8,649,552 | 96.69% |
| 2020 | 9,229,361 | 8,730,488 | 94.59% | 29,120 | 8,759,608 | 94.91% |
| 2021 | 9,425,425 | 8,925,316 | 94.69% | 0 | 8,925,316 | 94.69% |

***Source:*** *Harvey County Clerk & City Financial's*

** Fiscal year refers to Budget year. Tax levy is set in November of prior year.*

# City of Newton, Kansas

**Direct and Overlapping Property Tax Rates**
**(Per $1,000 of assessed value)**
**Last Ten Fiscal Years**

| | City of Newton | | | | | | Other Overlapping Governments | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Tax Year | General Fund | Airport Fund | Library | Bond and Interest | Special Liability | Total | School District No 373 | Harvey County | State of Kansas | Sand Creek Watershed District | Grand Total |
| 2012 | 34.793 | 0.731 | 5.646 | 4.443 | 0.236 | **45.849** | 65.407 | 31.449 | 1.500 | 0.255 | **144.460** |
| 2013 | 42.704 | 0.656 | 5.674 | 1.843 | 0.237 | **51.114** | 65.005 | 35.586 | 1.500 | 0.254 | **153.459** |
| 2014 | 43.739 | 0.647 | 5.708 | 1.873 | 0.129 | **52.096** | 60.478 | 36.238 | 1.500 | 0.257 | **150.569** |
| 2015 | 41.849 | 0.647 | 5.675 | 3.920 | - | **52.091** | 63.061 | 38.817 | 1.500 | 0.256 | **155.725** |
| 2016 | 45.622 | 0.698 | 5.809 | 4.833 | 0.159 | **57.121** | 62.786 | 41.358 | 1.500 | 0.256 | **163.021** |
| 2017 | 47.615 | 0.593 | 5.758 | 6.173 | 0.187 | **60.326** | 63.139 | 41.937 | 1.500 | 0.259 | **167.161** |
| 2018 | 48.467 | 0.605 | 5.934 | 7.312 | 0.191 | **62.509** | 63.820 | 42.275 | 1.500 | 0.264 | **170.368** |
| 2019 | 43.355 | 0.670 | 5.195 | 13.058 | 0.192 | **62.470** | 61.127 | 42.356 | 1.500 | 0.261 | **167.714** |
| 2020 | 42.828 | 0.671 | 5.773 | 13.071 | 0.192 | **62.535** | 61.116 | 42.649 | 1.500 | 0.260 | **168.060** |
| 2021 | 45.806 | 0.671 | 5.580 | 10.066 | 0.383 | **62.506** | 62.671 | 42.629 | 1.500 | 0.262 | **169.568** |

***Note:*** *Tax Year is year in which tax is levied. Collections are received in the year following.*

***Source:*** *Harvey County Clerk*

# City of Newton, Kansas
## Principal Property Taxpayers
## Current Year and Nine Years Ago

| | 2021 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Evergy Kansas South, Inc | 3,375,709 | 1 | 2.60% | 1,794,770 | 4 | 1.56% |
| EHC Newton Realty, Inc | 2,375,981 | 2 | 1.83% | | | |
| Walmart Realty Company | 2,078,640 | 3 | 1.60% | 2,126,360 | 1 | 1.85% |
| Kansas Gas Service, Div of One Gas | 1,714,936 | 4 | 1.32% | 1,394,580 | 6 | 1.21% |
| Burlington Northern | 1,337,397 | 5 | 1.03% | 1,001,029 | 8 | 0.87% |
| Future Foam Inc | 1,126,369 | 6 | 0.87% | | | |
| Norcraft Companies LLC | 1,010,148 | 7 | 0.78% | 1,069,988 | 7 | 0.93% |
| Park Aircraft Tech Corp | 977,223 | 8 | 0.75% | | | |
| Cargill, Inc | 945,957 | 9 | 0.73% | 1,577,335 | 5 | 1.37% |
| Dillon Companies Inc | 901,386 | 10 | 0.69% | 1,851,052 | 3 | 1.61% |
| Southwestern Bell | | | | 853,635 | 9 | 0.74% |
| Newton Healthcare Corp | | | | 1,953,483 | 2 | 1.70% |
| Broadway Hospitality | | | | 844,240 | 10 | 0.73% |
| **Total** | $ 15,843,746 | | 12.21% | $ 14,466,472 | | 12.59% |
| **Total Assessed Value** | $ 129,796,772 | | | $ 114,979,257 | | |

***Source:*** *Harvey County Clerk*

# City of Newton, Kansas
## Legal Debt Margin Information
## Last Ten Fiscal years

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| Debt Limit | $ 39,499,303 | $ 40,097,806 | $ 40,234,483 | $ 40,574,314 | $ 41,003,757 | $ 41,561,162 | $ 41,495,361 | $ 43,136,078 | $ 43,552,083 | $ 44,534,451 |
| Total net debt applicable to limit | 27,441,332 | 27,884,239 | 26,437,566 | 25,870,675 | 28,420,839 | 26,369,868 | 28,000,395 | 24,248,566 | 32,443,785 | 29,268,166 |
| Legal debt margin | $ 12,057,971 | $ 12,213,567 | $ 13,796,917 | $ 14,703,639 | $ 12,582,918 | $ 15,191,294 | $ 13,494,966 | $ 18,887,512 | $ 11,108,298 | $ 15,266,285 |
| Total net debt applicable to the limit as a percentage of debt limit | 69.47% | 69.54% | 65.71% | 63.76% | 69.31% | 63.45% | 67.48% | 56.21% | 74.49% | 65.72% |

**Legal Debt Margin Calculation for Fiscal Year 2021**

| | | |
|---|---|---|
| Total assessed value | | $ 148,448,170 |
| Debt limit (30% of total assessed value) | | $ 44,534,451 |
| Debt applicable to limit: | | |
| General obligation bonds | 30,222,063 | |
| Less: Amount set aside for repayment of general obligation debt | 953,897 | |
| Total net debt applicable to limit | | 29,268,166 |
| Legal debt margin | | $ 15,266,285 |

***Note:*** *Per Kansas Statutes Annotated ("K.S.A") Section 10-308, "The authorized and outstanding bonded indebtedness of any city shall not exceed 30% of the assessed valuation of the city." K.S.A. Section 10-309 allows for certain exceptions to calculating the legal debt limit.*

# City of Newton, Kansas

## Ratios of Outstanding Debt by Type

## Last Ten Fiscal Years

| | Governmental Activities | | | | | Business-Type Activities | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | General Obligation Bonds | KDOT Revolving Loan | Capital Leases | Guarantee/ Industrial Revenue Bonds | Special Assessment Bonds | General Obligation Bonds | Revenue Bonds | Revolving Loans | Capital Leases | Total Primary Government [d] | Percentage of Personal Income [c] | Per Capita [b] |
| 2012 | $ 25,797,095 | $ 473,907 | $ - | $ - | $ 11,913,638 | $ 6,718,122 | $ 6,822,800 | $ 10,446,809 | $ - | $ 62,172,371 | 8.45% | $ 3,233 |
| 2013 | 26,269,353 | 378,885 | - | - | 12,644,120 | 8,275,286 | 7,115,000 | 9,815,108 | - | 64,497,752 | 8.25% | 3,361 |
| 2014 | 24,752,345 | 280,223 | 197,077 | - | 11,890,120 | 7,746,553 | 6,660,000 | 15,606,145 | - | 67,132,463 | 8.31% | 3,511 |
| 2015 | 21,643,264 | 177,783 | 169,669 | - | 11,859,320 | 14,319,440 | 7,966,150 | 25,337,587 | - | 81,473,213 | 9.65% | 4,240 |
| 2016 | 21,493,800 | 71,419 | 138,958 | - | 10,761,033 | 14,121,030 | 7,225,575 | 24,180,652 | - | 77,992,467 | 10.64% | 4,082 |
| 2017 | 20,092,917 | - | 107,349 | - | 9,763,204 | 13,174,922 | 6,500,000 | 21,825,431 | - | 71,463,823 | 9.87% | 3,787 |
| 2018 | 22,289,104 | - | - | 6,339,995 | 8,771,526 | 12,254,170 | 5,710,000 | 19,715,760 | - | 75,080,555 | 9.88% | 4,005 |
| 2019 | 18,080,634 | - | - | 6,132,099 | 8,917,442 | 11,313,520 | 4,895,000 | 17,673,098 | 174,829 | 67,186,622 | 8.47% | 3,562 |
| 2020 | 25,895,737 | - | - | - | 8,876,556 | 13,532,328 | 4,040,000 | 15,464,275 | - | 67,808,896 | 7.99% | 3,550 |
| 2021 | 23,710,510 | - | - | - | 7,774,271 | 12,191,873 | 3,185,000 | 13,324,822 | - | 60,186,476 | 6.88% | 3,211 |

***Note:*** *Details regarding the City's outstanding debt can be found in the Notes on pages 65 - 69 and in the Statistical Section on pages 127 - 132.*

[a] See Page 124 for taxable property value data.

[b] Per Capita is based on net general obligation bonds.

[c] See page 134 for personal income and poplulation data.

[d] Includes general bonded debt, other governmental activities debt, and business-type activites debt.

**City of Newton, Kansas**

**Ratios of General Bonded Debt Outstanding**
**Last Ten Fiscal Years**

| Fiscal Year | General Obligation Bonds | Resources Restricted for Debt Service | Net General Obligation Bonds | Taxable Value | Percentage of Estimated Actual Taxable Value of Property | Per Capita |
|---|---|---|---|---|---|---|
| 2012 | $ 32,515,217 | $ 653,013 | $ 31,862,204 | $ 847,031,257 | 3.76% | $ 1,691 |
| 2013 | 34,544,639 | 763,775 | 33,780,864 | 851,446,896 | 3.97% | 1,800 |
| 2014 | 32,498,898 | 528,849 | 31,970,049 | 861,683,717 | 3.71% | 1,700 |
| 2015 | 35,962,704 | 376,705 | 35,585,999 | 870,900,047 | 4.09% | 1,871 |
| 2016 | 35,614,830 | 574,253 | 35,040,577 | 881,164,701 | 3.98% | 1,864 |
| 2017 | 33,267,839 | 149,807 | 33,118,032 | 885,807,281 | 3.74% | 1,763 |
| 2018 | 34,543,274 | 51,905 | 34,491,369 | 893,278,237 | 3.86% | 1,843 |
| 2019 | 29,394,154 | 65,883 | 29,328,271 | 923,963,971 | 3.17% | 1,558 |
| 2020 | 39,428,065 | 459,971 | 38,968,094 | 945,971,580 | 4.12% | 2,064 |
| 2021 | 35,902,383 | 953,897 | 34,948,486 | 978,287,548 | 3.57% | 1,915 |

# City of Newton, Kansas
## Direct and Overlapping Governmental Activities Debt
## As of December 31, 2021

| | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|---|---|---|---|
| Unified School District No. 373 | $ 18,270,000 | 74.07% | $ 13,532,589 |
| Harvey County | 2,320,000 | 39.61% | 918,952 |
| | 20,590,000 | | 14,451,541 |
| Direct debt, City of Newton: * | | | |
| General obligation bonds | 31,484,781 | 100.00% | 31,484,781 |
| **Total direct and overlapping debt** | $ 52,074,781 | 88.21% | $ 45,936,322 |

***Source: Harvey Co Clerk,*** *Notes to Financial Statements under Long-Term Debt*

**Direct Debt is related to General Obligation bonds & loans payable from Governmental Activites.*

***Note:*** *Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments.The percentage applicable is estimated by determining the portion of another governmental unit's taxable assessed value that is within the boundaries of the city and divide this by each unit's total taxable assessed value.*

# City of Newton, Kansas
## Pledged-Revenue Coverage
## Last Ten Fiscal Years

| | | | | Water & Sewer Revenue Bonds | | | KDHE Revolving Loans | | | Special Assessment Bonds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Utility Service Charges | Less: Expenses[1] | Net Available Revenue | Debt Service (Next Fiscal Year) Principal | Debt Service (Next Fiscal Year) Interest | Coverage[2] | Debt Service (Next Fiscal Year) Principal | Debt Service (Next Fiscal Year) Interest | Total Revenue Coverage[2] | Special Assessment Collections | Debt Service (Next Fiscal Year) Principal | Debt Service (Next Fiscal Year) Interest | Coverage[2] |
| 2012 | $ 10,734,426 | $ 5,284,176 | $ 5,450,250 | $ 110,000 | $ 13,500 | 44.13 | $ 631,701 | $ 326,276 | 5.04 | $ 1,090,213 | $ 682,500 | $ 428,397 | 0.98 |
| 2013 | 10,448,371 | 5,317,554 | 5,130,817 | 115,000 | 6,900 | 42.09 | 653,112 | 304,865 | 4.75 | 1,174,714 | 754,000 | 487,108 | 0.95 |
| 2014 | 13,120,387 | 5,609,635 | 7,510,752 | - | - | n/a | 675,270 | 282,707 | 7.84 | 1,220,746 | 749,500 | 444,276 | 1.02 |
| 2015 | 13,314,952 | 5,136,897 | 8,178,055 | - | - | n/a | 698,202 | 236,377 | 8.75 | 1,081,345 | 772,000 | 421,762 | 0.91 |
| 2016 | 12,475,392 | 5,212,188 | 7,263,204 | - | - | n/a | 2,355,221 | 617,608 | 2.44 | 1,092,156 | 683,753 | 254,328 | 1.16 |
| 2017 | 12,532,291 | 4,850,505 | 7,681,786 | - | - | n/a | 1,408,680 | 568,861 | 3.88 | 1,034,403 | 703,562 | 229,347 | 1.11 |
| 2018 | 12,448,105 | 3,950,335 | 8,497,770 | - | - | n/a | 1,342,662 | 510,596 | 4.59 | 1,067,070 | 700,711 | 209,361 | 1.17 |
| 2019 | 12,377,149 | 6,499,615 | 5,877,534 | - | - | n/a | 1,208,825 | 459,720 | 3.52 | 1,082,882 | 766,315 | 188,871 | 1.13 |
| 2020 | 12,460,376 | 7,931,518 | 4,528,858 | - | - | n/a | 1,139,452 | 404,168 | 2.93 | 935,050 | 832,357 | 201,503 | 0.90 |
| 2021 | 12,523,944 | 8,245,781 | 4,278,163 | - | - | n/a | 1,109,612 | 350,307 | 2.93 | 1,179,814 | 776,528 | 206,365 | 1.20 |

***Note:*** *Details regarding the city's outstanding debt can be found in the notes on pages 65 - 69 and pages 127 - 132.*

*1 - Expenses do not include depreciation.*

*2 - The City maintains Net Revenues in the Combined Utility in an amount which will be not less than 125% of the amount required to be paid for debt service, on bonds or Permitted Loans, by the City in the next succeeding fiscal year.*

**City of Newton, Kansas**
**Schedule of Bonded Indebtedness by Category**
**As of December 31, 2021**

| Type of Debt | Date of Issue | Final Maturity | Interest Rates % | Original Principal Amount | Principal Outstanding 1/1/2021 | Issued | Retired | Refunded | Principal Outstanding 12/31/2021 |
|---|---|---|---|---|---|---|---|---|---|
| **General Obligation:** | | | | | | | | | |
| Airport Improvements | 09-01-04 | 09-01-24 | 5.25-6.00 | $ 515,000 | $ 160,000 | $ - | $ 35,000 | $ - | $ 125,000 |
| Int Imp/Water/Sewer/Refunding | 09-01-12 | 09-01-24 | 2.00-2.10 | 3,570,000 | 1,475,000 | - | 360,000 | - | 1,115,000 |
| Int Imp/Water/Sewer/Refunding | 03-26-13 | 09-01-33 | 2.00-2.10 | 9,595,000 | 7,320,000 | - | 870,000 | 6,450,000 | - |
| Improvements/Land Purchase | 10-30-15 | 09-01-26 | 2.00-3.10 | 1,130,000 | 710,000 | - | 110,000 | - | 600,000 |
| Int Imp/Airport/Street/Water | 12-18-15 | 09-01-36 | 3.00 | 2,570,000 | 2,570,000 | - | - | - | 2,570,000 |
| Internal Improvements | 12-30-15 | 09-01-27 | 2.00-3.00 | 2,500,000 | 1,665,000 | - | 220,000 | - | 1,445,000 |
| Int Imp/Refunding | 08-25-16 | 09-01-29 | 2.00-2.50 | 13,425,000 | 11,710,000 | - | 1,265,000 | - | 10,445,000 |
| Internal Improvements | 12-05-18 | 09-01-38 | 3.00-4.00 | 2,125,000 | 2,000,000 | - | 55,000 | - | 1,945,000 |
| Internal Improvements | 12-05-18 | 09-01-33 | 3.00-4.00 | 1,490,000 | 1,320,000 | - | 80,000 | - | 1,240,000 |
| Int Impr/IRB Refunding | 06-11-20 | 09-01-36 | 3.00-3.45 | 6,015,000 | 6,015,000 | - | 275,000 | - | 5,740,000 |
| Int Imp/Water/Sewer/Refunding | 12-07-20 | 09-01-40 | 2.00-3.50 | 9,575,000 | 9,575,000 | - | 920,000 | - | 8,655,000 |
| Int Impr/Conf Center Refunding | 12-07-20 | 09-01-30 | 2.00-3.00 | 1,790,000 | 1,790,000 | - | 165,000 | - | 1,625,000 |
| Int Imp/Water/Sewer/Refunding | 11-04-21 | 09-01-33 | 1.50-4.00 | 5,965,000 | - | 5,965,000 | - | - | 5,965,000 |
| **Total General Obligation Bonds** | | | | 60,265,000 | 46,310,000 | 5,965,000 | 4,355,000 | 6,450,000 | 41,470,000 |
| **Other:** | | | | | | | | | |
| Kansas Water Pollution Control | 11-09-01 | 09-01-20 | 3.03 | 1,207,034 | 142,690 | - | 70,272 | - | 72,418 |
| Kansas Water Pollution Control | 09-30-08 | 03-01-30 | 2.85 | 9,000,000 | 3,663,121 | - | 362,485 | - | 3,300,636 |
| Kansas Public Water Supply | 08-01-09 | 08-01-29 | 3.75 | 651,533 | 314,326 | - | 32,038 | - | 282,288 |
| Kansas Public Water Supply | 08-17-09 | 02-01-30 | 3.37 | 2,011,842 | 921,434 | - | 89,238 | - | 832,196 |
| Kansas Water Pollution Control | 11-01-13 | 03-01-35 | 2.83 | 16,850,860 | 10,422,703 | - | 1,585,419 | - | 8,837,284 |
| **Total Other** | | | | 29,721,269 | 15,464,274 | - | 2,139,452 | - | 13,324,822 |
| **Total Indebtedness** | | | | $ 89,986,269 | $ 61,774,274 | $ 5,965,000 | $ 6,494,452 | $ 6,450,000 | $ 54,794,822 |

# City of Newton, Kansas
## Schedule of Industrial Revenue Bonds by Obligee *
## As of December 31, 2021

| Obligated Entity or Purpose | Series | Issue Date | Final Maturity | Original Principal Amount | Principal Outstanding 1/1/2021 | Issued | Retired | Principal Outstanding 12/31/2021 |
|---|---|---|---|---|---|---|---|---|
| Newton Healthcare Corp. | 2008 | 08/21/08 | 11/15/24 | $ 11,385,000 | $ 3,600,000 | $ - | $ 845,000 | $ 2,755,000 |
| JRW Investment L.L.C. | 2011 | 07/08/11 | 12/31/21 | 800,000 | 99,707 | - | 99,707 | - |
| YMCA | 2015 | 06/04/15 | 06/30/22 | 16,000,000 | 6,000,000 | - | 3,000,000 | 3,000,000 |
| | | | | $ 28,185,000 | 9,699,707 | $ - | $ 3,944,707 | $ 5,755,000 |

***Note:***

** Issuance of these industrial revenue bonds is authorized by KSA 12 - 1740 et seq. KSA 12 - 1743 states in pertinent part "…The principal and interest of said bonds shall be payable solely and only from the special fund herein provided for such payments, and said bonds shall not in any respect be a general obligation of such city, nor shall they be payable in any manner by taxation…".*

# City of Newton, Kansas
## Demographic and Economic Statistics
## Last Ten Fiscal Years

| Fiscal Year | Population (1) | Personal Income (2) | Per Capita Personal Income (2) | School District 373 Enrollment (3) | Unemployment Rate % (4) |
|---|---|---|---|---|---|
| 2012 | 19,230 | $ 735,624,420 | $ 38,254 | 3,770 | 4.80% |
| 2013 | 19,189 | 782,182,018 | 40,762 | 3,746 | 4.10% |
| 2014 | 19,120 | 808,317,120 | 42,276 | 3,749 | 3.70% |
| 2015 | 19,216 | 844,658,496 | 43,956 | 3,700 | 3.70% |
| 2016 | 19,105 | 733,039,745 | 38,369 | 3,646 | 4.40% |
| 2017 | 18,869 | 723,890,316 | 38,364 | 3,539 | 3.40% |
| 2018 | 18,746 | 759,606,666 | 40,521 | 3,497 | 2.80% |
| 2019 | 18,861 | 793,237,077 | 42,057 | 3,546 | 2.60% |
| 2020 | 19,099 | 848,301,184 | 44,416 | 3,506 | 4.00% |
| 2021 | 18,744 | 875,307,312 | 46,698 | 3,267 | 2.00% |

***Sources:***

*(1) Population estimates are taken from the Kansas Division of the Budget.*

*(2) Bureau of Economic Analysis, for Harvey County, Kansas*

*(3) School District 373 enrollment only. Private schools are not included.*

*(4) Harvey County Economic Development Council, Inc.*

# City of Newton, Kansas
## Principal Employers
## Current Year and Nine Years Ago

| | 2021 | | | 2012 | | |
|---|---|---|---|---|---|---|
| **Employer *** | **Employees** | **Rank** | **Percentage of Total Employment** | **Employees** | **Rank** | **Percentage of Total Employment** |
| NMC Health | 875 | 1 | 5.2% | 850 | 1 | 5.2% |
| Unified School District #373 | 852 | 2 | 5.1% | 690 | 2 | 4.2% |
| Masterbrand | 615 | 3 | 3.7% | 271 | 5 | 1.6% |
| BNSF Railway Company | 380 | 4 | 2.3% | 328 | 4 | 2.0% |
| Wal-Mart | 271 | 5 | 1.6% | 336 | 3 | 2.0% |
| Prairie View Hospital | 252 | 6 | 1.5% | | | |
| Dillons Stores | 243 | 7 | 1.4% | 267 | 6 | 1.6% |
| ResCare Kansas | 209 | 8 | 1.2% | 224 | 7 | 1.4% |
| City of Newton | 206 | 9 | 1.2% | 200 | 8 | 1.2% |
| Asbury Park | 205 | 10 | 1.2% | | | |
| Harvey County | | | | 200 | 9 | 1.2% |
| Bunting Magnetics | | | | 179 | 10 | 1.1% |
| **Total** | 4,108 | | 24.4% | 3,545 | | 21.5% |

***Source:***
*Harvey County Economic Development Council, Inc.*

# City of Newton, Kansas

**Full-Time Equivalent City Government Employees by Function/Program**
**Last Ten Fiscal Years**

| Function/Program | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| **General Government** | | | | | | | | | | |
| Administration | 17 | 19 | 17 | 17 | 16 | 17 | 15 | 17 | 19 | 17 |
| Park and Cemetery | 13 | 13 | 12 | 14 | 13 | 13 | 13 | 13 | 13 | 12 |
| Law Department | 4 | 4 | 4 | 4 | 2 | 2 | 2 | 2 | 3 | 3 |
| Municipal Court | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Information Technology | - | - | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 |
| **Historic Preservation Planner** | - | - | 1 | 1 | - | - | - | - | - | - |
| **Convention Visitors Bureau** | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| **Public Safety** | | | | | | | | | | |
| Fire/EMS | 49 | 48 | 49 | 49 | 48 | 50 | 51 | 51 | 51 | 52 |
| Police | 38 | 37 | 38 | 38 | 40 | 42 | 41 | 40 | 41 | 43 |
| **Public Works** | | | | | | | | | | |
| Engineering | 8 | 8 | 9 | 8 | 8 | 8 | 9 | 7 | 7 | 8 |
| Facility Operations | 2 | 2 | 2 | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Street Division | 18 | 16 | 17 | 16 | 17 | 17 | 15 | 18 | 18 | 18 |
| Shop Services | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Water | 14 | 14 | 14 | 13 | 13 | 13 | 13 | 14 | 14 | 14 |
| Wastewater | 11 | 11 | 10 | 10 | 12 | 12 | 11 | 11 | 10 | 9 |
| Sanitation | 10 | 10 | 8 | 8 | 8 | 7 | 8 | 8 | 9 | 8 |
| **Airport** | 5 | 5 | 5 | 6 | 5 | 6 | 6 | 6 | 6 | 6 |
| **Meridian Center** | - | - | - | - | - | - | - | - | - | 4 |
| Total | 199 | 197 | 198 | 198 | 197 | 201 | 198 | 201 | 205 | 208 |

**Source:** *City of Newton Human Resource Department*

# City of Newton, Kansas
## Operating Indicators by Function/Program
## Last Ten Fiscal Years

| Function/Program | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| Fire | | | | | | | | | | |
| Emergency Medical Service calls | 2,828 | 2,923 | 3,095 | 3,081 | 3,198 | 3,211 | 3,189 | 3,197 | 3,157 | 3,505 |
| Fire calls | 605 | 555 | 562 | 567 | 586 | 535 | 477 | 436 | 433 | 635 |
| Fire inspections | 701 | 823 | 807 | 763 | 39 | 826 | 811 | 810 | 761 | 649 |
| Police | | | | | | | | | | |
| Total calls | 42,023 | 40,588 | 41,905 | 41,234 | 33,283 | 27,475 | 25,971 | 25,585 | 22,063 | 23,152 |
| Reported crimes | 1,339 | 1,510 | 1,163 | 1,449 | 1,430 | 1,444 | 1,356 | 1,098 | 970 | 1,104 |
| Adult arrests | 1,793 | 2,107 | 1,951 | 2,071 | 1,660 | 1,911 | 1,874 | 1,745 | 1,214 | 1,454 |
| Juvenile arrests | 190 | 169 | 216 | 239 | 249 | 341 | 342 | 301 | 151 | 192 |
| Engineering Division | | | | | | | | | | |
| New dwelling starts | 24 | 16 | 12 | 17 | 21 | 116 | 11 | 9 | 15 | 13 |
| Environmental caseload | 1,046 | 869 | 1,211 | 1,103 | 913 | 930 | 1,077 | 1,062 | 1,060 | 896 |
| Water | | | | | | | | | | |
| Number of customers | 7,704 | 7,706 | 7,719 | 7,760 | 7,756 | 7,764 | 7,854 | 7,866 | 7,876 | 7,902 |
| Annual Consumption *(thousands of cubic feet)* | 105,994 | 87,394 | 86,695 | 82,834 | 73,892 | 75,079 | 79,940 | 72,388 | 78,064 | 78,169 |
| Street | | | | | | | | | | |
| Miles of streets overlayed or resurfaced | 1.75 | 2.91 | 1.95 | 0.91 | 1.07 | 1.15 | 0.25 | 1.50 | 2.75 | 1.81 |
| Square yards of streets sealed | 159,821 | 117,055 | 132,440 | 190,767 | 202,256 | 129,399 | 155,091 | 117,370 | 10,170 | 149,876 |
| Sanitation | | | | | | | | | | |
| Tonnage landfilled | 4,521 | 4,598 | 4,583 | 4,778 | 4,881 | 4,806 | 4,837 | 5,031 | 6,731 | 6,924 |
| Tonnage recycled *(Recycling began in 2001)* | 1,786 | 1,750 | 1,691 | 1,636 | 1,590 | 1,537 | 1,535 | 1,510 | 402 | 310 |

***Source:*** *Various city departments*

# City of Newton, Kansas
## Capital Asset Statistics by Function/Program
## Last Ten Fiscal Years

| Function/Program | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|
| Area of City *(acres)* | 9,131.28 | 9,131.28 | 9,134.42 | 9,312.37 | 9,343.62 | 9,346.71 | 9,385.01 | 9,385.78 | 9,503.92 | 9,517.95 |
| Fire/EMS | | | | | | | | | | |
| Stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Firefighter/EMTs | 45 | 45 | 46 | 46 | 45 | 45 | 44 | 45 | 45 | 45 |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police officers | 31 | 31 | 32 | 32 | 35 | 35 | 35 | 35 | 36 | 36 |
| Street Division | | | | | | | | | | |
| Miles of City streets - paved | 28.13 | 28.13 | 28.16 | 28.89 | 29.51 | 29.85 | 29.85 | 29.97 | 29.97 | 29.97 |
| Miles of City streets - blacktop | 93.64 | 93.65 | 93.64 | 93.05 | 92.49 | 92.49 | 92.60 | 92.60 | 92.60 | 92.60 |
| Miles of City streets - gravel | 9.32 | 9.32 | 9.32 | 9.32 | 9.32 | 9.32 | 9.21 | 9.21 | 9.21 | 9.21 |
| Miles of City streets - unimproved | 14.21 | 14.21 | 14.18 | 14.04 | 14.75 | 14.41 | 14.53 | 14.53 | 14.53 | 14.53 |
| Street employees | 18 | 16 | 17 | 16 | 17 | 17 | 15 | 18 | 18 | 18 |
| Water | | | | | | | | | | |
| Water mains *(miles)* | 155.17 | 156.12 | 156.24 | 156.82 | 156.98 | 157.37 | 157.37 | 159.18 | 160.76 | 160.97 |
| Wastewater | | | | | | | | | | |
| Sanitary sewer *(miles)* | 120.26 | 121.10 | 121.26 | 121.63 | 121.70 | 122.35 | 122.78 | 122.93 | 122.93 | 122.93 |
| Storm water sewer *(miles)* | 19.72 | 19.72 | 19.72 | 20.12 | 20.59 | 20.92 | 20.96 | 21.08 | 21.08 | 21.08 |

***Source:*** *Various city departments*

# CITY DATA REPORT
# NEWTON, KANSAS
For Year Ending: 12/31/2021

## 1. STREETS

| | | |
|---|---|---|
| A. Total miles of streets (center line), as of December 31, 2021 | 146.31 | miles |
| B. Miles of streets paved, curbed & guttered in 2021 | 0.00 | miles |
| C. Streets annexed in 2021 | 0.00 | miles |
| D. Miles of different types of street surface | | |
| 1. Paved (concrete) | 29.97 | miles |
| 2. Blacktop (various types of bases) | 92.60 | miles |
| 3. Gravel / Sand | 9.21 | miles |
| 4. Unimproved | 14.53 | miles |

## 2. STREET MAINTENANCE

| | | |
|---|---|---|
| A. Miles of streets overlayed or resurfaced in 2021 | 1.81 | miles |
| B. Square Yards of streets sealed in 2021 | 149,876 | SY |

## 3. SANITARY SEWER

| | | |
|---|---|---|
| A. Total miles of Sanitary Sewer, as of December 31, 2021 | 122.93 | miles |
| B. Miles of Sanitary Sewer constructed in 2021 | 0.00 | miles |
| C. Total Sanitary Sewer Manholes as of December 31, 2021 | 2,448 | |
| D. Sanitary Sewer Manholes constructed in 2021 | 1 | |

## 4. STORM WATER SEWER

| | | |
|---|---|---|
| A. Total miles of Storm Water Sewer, as of December 31, 2021 | 21.08 | miles |
| B. Miles of Storm Water Sewer constructed in 2021 | 0.00 | miles |

## 5. WATER LINES

| | | |
|---|---|---|
| A. Total miles of Water lines, as of December 31,2021 | 160.97 | miles |
| B. Miles of Water Transmission lines, as of December 31, 2021 | 19.76 | miles |
| C. Miles of Water Distribution lines, as of December 31, 2021 | 141.21 | miles |
| D. Miles of Water lines constructed in 2021 | 0.21 | miles |
| E. Miles of Water lines acquired in 2021 | 0.00 | miles |
| F. Total Fire Hydrants as of December 31, 2021 | 907 | |
| G. Fire Hydrants constructed in 2021 | 2 | |

## 6. AREA OF CITY OF NEWTON

| | | |
|---|---|---|
| A. Total acres, as of December 31, 2021 | 9,517.95 | acres |
| B. Acres annexed in 2021 | 14.03 | acres |
| C. Acres de-annexed in 2021 | 0.00 | acres |

## 7. SUBDIVISIONS

A. Plat or PUD
1. KDOT 522 Addition
2. Newton Prestress Addition
3. Sand Creek Station 4th Addition

B. New Subdivision Development (Construction)
1. KDOT Water Main Extension on SW 14th

C. New Phase of Existing Subdivision
1. none

## 7. *SUBDIVISIONS (cont.)*

D. Capital Improvement Projects
1. Sewer Replacement NW of Girl Scout House
2. Storm Sewer Emergency Repair - 100 Block of SE 14th
3. North Newton Sewer Junction Box
4. Broadway Roundabout Paving
5. Oliver Rd Culvert Replacement

E. Miscellaneous Projects
1. Law Enforcement Center Remodel
2. Shooting Range at LEC
3. Airport Painting - Hangars C&D
4. Airport Roofing - Hangars J&K
5. Public Swimming Pool

## 8. *BUILDING CONSTRUCTION PERMITS*

| | | |
|---|---|---|
| A. Total new single residence permits 2021 | 13 | $ 3,376,616 |
| B. Multiple dwelling units | | |
| 1. Total number of dwelling units | 0 | $ - |
| C. Total single and multiple dwelling units | 13 | $ 3,376,616 |
| D. Total permits issued in 2021 | 526 | $ 15,385,836 |

## 9. *PARKS*

A. Total acres of Parks in City of Newton 291.99 acres

B. Individual Parks (Name, Area, Date acquired)

| Park | Location | Type | Acreage | Year Established |
|---|---|---|---|---|
| 1. Themian | 7th & Poplar | School | 3.71 | 1875 |
| 2. Military | Broadway & Oak | Community | 3.71 | 1871 |
| 3. Athletic | 1st & W. Side Sand Creek | Community | 38.99 | 1897 |
| | Lot 5 & 6, Moore Addition | Community | 0.13 | 1963 |
| 4. Washington | Pine & Washington Road (@ Slate Creek) | Community | 9.43 | 1937 |
| 5. Parkview Heights | NE Side 5th & Pine, N Side Creek | Linear | 1.68 | 1941 |
| 6. Havens | 12th & Oak | Neighborhood | 0.88 | 1950 |
| 7. Park Place | W. Side Sand Creek (between 5th & Broadway) | Linear | 0.64 | 1950 |
| 8. Blaine | East 4th - Cemetery (both sides creek to Blaine) | Linear | 1.33 | 1959 |
| 9. Greenwood Cemetery | Between 1st & 5th, Sherman & 1-135 | Community | 62.00 | 1871 |
| 10. Rodeo Grounds | West 1st to Sand Creek (Creek to Grandview) | Community | 13.00 | 1960 |
| | Lots 1 & 3, BL. 5 Fairfield Distr. | Community | 0.43 | 1961 |
| 11. Caperland | In Housing Addition (E. of 1-135, N. of Broadway) West 380 feet | Neighborhood | 1.79 | 1963 |
| 12. Ash Street | 10th & Ash | Neighborhood | 4.55 | 1964 |
| 13. Bi-Centennial | NE Corner 14th & Kansas | Community | 59.35 | 1971 |
| 14. East Centennial | Area E. of Centennial Park | Community | 51.60 | 1979 |
| 15. West Centennial | W. Side of Kansas, Sledding Hill | Community | 5.45 | |
| 16. Okerberg | W. part B1.44 @ Rec Center | Neighborhood | 3.71 | 1974 |
| 17. Mid-town Arboretum | NW Corner 8th & Main | Neighborhood | 1.38 | 1977 |
| 18. Depot Park | SE Corner 5th & Main | Pocket | 0.18 | 1978 |
| 19. Plum-Brook | Plum & Brookside, N. of Cherry Hills | Neighborhood | 2.10 | 1981 |
| 20. Quail Creek | Block 2, Quail Creek Estates 3rd Addition | Neighborhood | 1.78 | 1985 |

9. ***PARKS*** *(cont.)*

B. Individual Parks (Name, Area, Date acquired) (cont.)

| | Park | Location | Type | Acreage | Year Established |
|---|---|---|---|---|---|
| 21. | Veazey | N. of 14th @ Oak, side Sand Creek | Pocket | 1.35 | 1987 |
| 22. | Sherman | SE Corner 12th & Sherman | Neighborhood | 2.75 | 1981 |
| 23. | Roosevelt | SE Corner Broadway & Magnolia | Neighborhood | 2.15 | 2007 |
| 24. | Lincoln Park | Elm & West 6th Streets | Neighborhood | 0.63 | 2002 |
| 25. | Springlake | 110 Springlake Dr | Neighborhood | 12.00 | 2009 |

C. Total miles of Bike-Hike Path 6.96 miles
Miles of Bike-Hike Path constructed in 2021 0.00 miles

10. ***ELEVATIONS AT VARIOUS POINTS***

A. At the south side of the Main Street entrance to the old Post Office Building, and in the stone step, a standard disk, "X21 1934" , Elevation 1451.710.

B. In the stone base of the West wall of the Atchinson, Topeka and Santa Fe Railway Station, 17 1/2 feet north of the southwest corner of the building, and 14 inches above the Main Street sidewalk. A standard disk, stamped "Newton 1934", elevation 1447.976.

C. Newton Municipal Airport - highest point of runway 8-26 1533.46.

11. ***GEODETIC LOCATION***

A. Service Center
Latitude 38 degrees 01' 53.2"
Longitude 97 degrees 20' 08"

B. Newton Municipal Airport
Latitude 38 degrees 03' 19.2"
Longitude 97 degrees 16' 38"

CITY OF NEWTON, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2021

| Federal Grantor/Pass-Through Grantor/Program Title | Assistance Listing Number | Expenditures |
|---|---|---|
| U.S. Department of Treasury: | | |
| COVID-19-CRF Funds - Reimbursable Coronavirus State and Local Fiscal Recovery Funds | 21.027 | $ 1,439,181 |
| U.S. Department of Commerce: | | |
| Passed through Kansas Office of the Governor: | | |
| Community Development Block Grants | 14.228 | 150,000 |
| U.S. Department of Health and Human Services: | | |
| COVID-19 Provider Relief Fund | 93.498 | 34,364 |
| U.S. Department of Justice: | | |
| Passed through Kansas Office of the Governor: | | |
| Violence Against Women Act Grant | 16.588 | 94,821 |
| COVID-19-Coronavirus Emergency Supplemental Funding - BJA FY 20 | 16.034 | 32,480 |
| Patrick Leahy Bullet Proof Vest Partnership | 16.607 | 10,335 |
| Total U.S. Department of Justice | | 137,636 |
| U.S. Department of Homeland Security: | | |
| Assistance to Firefighters Grant - EMW-2018-FO-00058 | 97.044 | 436,852 |
| U.S. Department of Interior National Park Service: | | |
| Passed through Kansas Office of the Governor: | | |
| Historic Prevention Fund | 15.904 | 11,707 |
| U.S. Department of Transportation: | | |
| COVID-19 Airport Improvement Program | 20.106 | 23,000 |
| Airport Improvement Program - Taxiway E Design Grant | 20.106 | 3,628,396 |
| Total U.S. Department of Transportation | | 3,651,396 |
| Total Expenditures of Federal Awards | | $ 5,861,136 |

See accompanying notes to schedule of expenditures of federal awards.

CITY OF NEWTON, KANSAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2021

1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Newton, Kansas (the City) under programs of the federal government for the year ended December 31, 2021. The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards passed through other government agencies are included on the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the net position, changes in net position, or, where applicable, cash flows of the City.

2 - Summary of Significant Accounting Policies

The Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements. The expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF NEWTON, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2021

**Section I – Summary of Auditors' Results**

Financial Statements

| | |
|---|---|
| Type of auditors' report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified | None |
| Significant deficiencies identified that are not considered to be material weaknesses: | None |
| Noncompliance material to financial statements | None reported |

Federal Awards

| | |
|---|---|
| Type of auditors' report issued on compliance for major program | Unmodified |
| Internal control over major program: | |
| Material weaknesses identified | None |
| Significant deficiencies identified that are not considered to be material weaknesses | None reported |
| Findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) | None |
| Identification of major program: | |

| Assistance Listing Number | Name of Federal Program |
|---|---|
| 21.027 | Coronavirus State and Local Fiscal Recovery Funds |
| 20.106 | Airport Improvement Program |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs | $ 750,000 |
| Auditee qualified as a low-risk auditee: | No |

(Continued)

| | |
|---|---|
| **Section II – Financial Statement Findings** | None |
| **Section III – Federal Award Findings and Questioned Costs** | None |

BT & Co. P.A.
Certified Public Accountants

4301 SW Huntoon St. Topeka, KS 66604 | t:785.234.3427 | toll-free: 800.530.5526 | f: 785.233.1768 | w: btandcocpa.com

# INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mayor and City Commissioners
City of Newton, Kansas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Kansas (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2022. Our report includes a reference to other auditors who audited the financial statements of the Housing Authority of the City of Newton, Kansas (the Housing Authority), as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Newton Public Library were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Newton Public Library.

## Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BT + Co., P.A.

June 28, 2022
Topeka, Kansas

BT & Co. P.A.
Certified Public Accountants

4301 SW Huntoon St. Topeka, KS 66604 | t:785.234.3427 | toll-free: 800.530.5526 | f: 785.233.1768 | w: btandcocpa.com

# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Mayor and City Commissioners
City of Newton, Kansas:

## Report on Compliance for Each Major Federal Program

### *Opinion on Each Major Federal Program*

We have audited the City of Newton, Kansas's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

*Auditors' Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole. In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BT + Co., P.A.

June 28, 2022
Topeka, Kansas