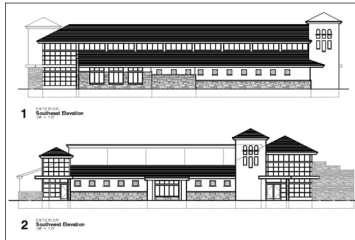




Funds Information

The Bond and Interest Funds provides for the retirement of general obligation, Public Building Commission (PBC) revenue bonds and special assessment bonds of the City of Newton. Each year, the City levies taxes that, together with special assessments credited to these Funds, are sufficient to pay the principal and interest payments due throughout the year. When the City of Newton issues debt, it has the option of obtaining a credit rating or evaluation of its credit worthiness, by an independent rating agency. The last debt issue in December 2010, the City of Newton received an A1 rating for Moody's Investors Service. 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 financial burden to future taxpayers. In the case of industrial revenue bonds, the City has no direct responsibility for repayment of the bonds.



revenue sources. This debt is for the rehabilitation of the water treatment plant. For utilities, a coverage ratio is required and maintained to assure investors of a sound operation. The revenue stream of the utility for which bonds are issued secures revenue bonds.

Other Bonds

The City is obligated for a Kansas Department of Transportation Revolving Loan of \$653,565 which is also backed by the full faith and credit of the government. Additionally, the City is obligated to \$12,198,671 of State revolving loan funds secured solely by specified water and sewer revenue sources.

PBC Bonds

When a project meets certain criteria described under Kansas law, the City can ask the PBC to issue revenue bonds on its behalf. PBC bonds are secured by lease revenues paid to the PBC by the City. The City has a Golf Course Capital Lease obligation and a Fischer Field Bond for \$9,455,000 payable from specific revenue sources issued through the PBC.

GO Bond Debt Service Requirements

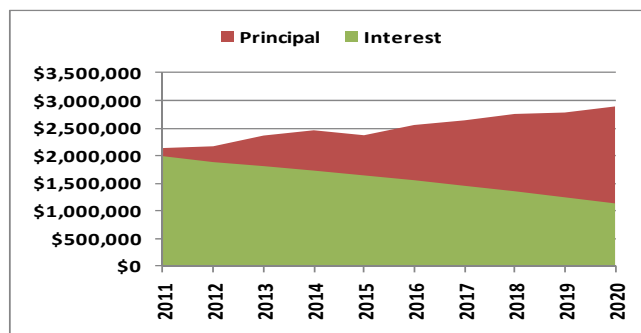
Future debt service expenditures are projected to be between \$4.1 and \$4.6 million per year. Occasionally the City will refund its bond if it is determined to be in the financial interest of the City. The City of Newton anticipates issuing additional debt to fund a variety of future economic development projects.

General Obligation Bonded Debt

Large capital improvement projects for the City of Newton normally require long-term financing through municipal bonds. As of April 1, 2011 the City had total bonded debt outstanding of \$48,020,00 backed by the full faith and credit of the government. This means that bond holders have the power to compel the City to levy property taxes to repay the bonds.

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 City is obligated for \$915,000 of state revolving fund loans secured solely by specified



Statement of Indebtedness as of April 1, 2011				
General Obligation Bonds				
Series	Date of Indebtedness	Final Maturity	Original Principal	Amount Outstanding
Series 1996	11/1/1996	9/1/2011	\$ 1,320,000	\$ 80,000
Series 2001 (Refunding)	8/15/2001	9/1/2011	\$ 305,000	\$ 305,000
Series 2004-A	9/1/2004	9/1/2024	\$ 5,323,000	\$ 4,180,000
Series 2004-B	9/1/2004	9/1/2024	\$ 515,000	\$ 420,000
Series 2006-A	11/1/2006	9/1/2026	\$ 9,515,000	\$ 8,380,000
Series 2006-B	11/1/2006	9/1/2016	\$ 1,100,000	\$ 720,000
Series 2007-A	11/1/2007	9/1/2027	\$ 2,300,000	\$ 2,055,000
Series 2008-A	4/1/2008	9/1/2028	\$ 12,600,000	\$ 12,035,000
Series 2008-B	4/1/2008	9/1/2018	\$ 710,000	\$ 615,000
Series 2009-A	7/1/2009	9/1/2029	\$ 6,815,000	\$ 6,495,000
Series 2010	7/1/2010	9/1/2030		\$ 7,800,000
Series 2010 Series B	12/1/2010	9/1/2030	\$ 2,000,000	\$ 2,000,000
Series 2010 Series C	12/15/2010	9/1/2030	\$ 293,500,000	\$ 2,935,000
Total GO Bonds				\$ 48,020,000
Revenue Bonds				
Wastewater Treatment Plants	3/1/1998	3/1/2012	\$ 2,135,000	\$ 485,000
Water-Tower/Loop	2/1/2000	9/1/2014	\$ 1,240,000	\$ 430,000
Total Revenue Bonds				\$ 915,000
Other Bonds				
Kansas Public Water Supply	1/31/1999	2/1/2019	\$ 2,086,456	\$ 1,084,890
Kansas Public Water Supply	3/14/2002	2/1/2020	\$ 1,231,922	\$ 803,282
Kansas Water Pollution Control	11/9/2001	9/1/2020	\$ 1,207,034	\$ 740,511
Kansas DOT-Anderson Road	2/1/2006	9/1/2020	\$ 1,070,150	\$ 653,565
Kansas Water Pollution Control	9/30/2008	3/1/2030	\$ 4,423,333	\$ 7,325,588
Kansas Public Water Supply	9/8/2008	2/1/2029	\$ 651,533	\$ 576,992
Kansas Public Water Supply	10/28/2008	2/1/2030	\$ 2,011,842	\$ 1,667,408
Total Other Bonds				\$ 12,852,236
PBC Bonds				
Fischer Athletic Field Improvements			\$ 2,685,000	\$ 2,340,000
Sand Creek Station Golf Course	2/24/2005	3/1/2025	\$ 6,685,000	\$ 6,585,000
Sand Creek Station Golf Course	12/20/2005	9/1/2016	\$ 975,000	\$ 530,000
Total PBC				\$ 9,455,000
Total Indebtedness				\$ 71,242,236

CURRENT REVENUE BONDS/LOANS (WATER)										
YEAR BONDED	DATE OF MATURITY	BALANCE (P&I)								
PROJECT		COST	2007	2008	2009	2010	2011	2012	2013	2014
REVENUE BONDS										
YEAR: 2000	Maturity Date: 09/01/14	622,500	125,255	125,935	121,260	126,500	125,800	124,800	123,500	121,900
TOWER/SOUTH LOOP		1,240,000								
STATE LOANS										
YEAR: 1999	Maturity Date: 02/01/19	1,452,550	152,900	152,900	152,900	152,900	152,900	152,900	152,900	152,900
MISSION PLANT IMPROVEMENTS		2,086,456								
YEAR: 2003	Maturity Date: 02/01/20	1,082,405	103,617	103,617	103,617	103,617	103,617	103,617	103,617	103,617
WEST SIDE WATERLINE		1,174,801								
YEAR: 2009	Maturity Date: 02/01/29	869,953				64,675	43,529	43,529	43,529	43,529
NORTH MAIN WATER LINE		651,533								
YEAR: 2009	Maturity Date: 02/01/30	2,781,705				139,085	139,085	139,085	139,085	139,085
12TH ST WATER TOWER		2,011,842								
TOTALS		6,809,113	381,772	382,452	377,777	586,777	564,931	563,931	562,631	561,031

FUTURE WATER PROJECTS									
DESCRIPTION	COST	2007	2008	2009	2010	2011	2012	2013	2014
SE 12TH WATERLINE	225,000					18,055	18,055	18,055	18,055
1ST ST PUMP STATION IMPROVEMENTS	1,500,000					120,364	120,364	120,364	120,364
SE BOOSTER STATION	600,000					48,146	48,146	48,146	48,146
1ST ST GROUND STORAGE TANK PAINT	195,000						15,647	15,647	15,647
WATER TOWER PAINTING (HS & SPENCER)	400,000							32,097	32,097
12" WATER LINE-HILLSIDE (1ST TO 12TH)	425,000								34,103
WATER TOWER PAINTING (NMC)	200,000								16,049
W. L. BUYBACK - RWD #1	40,000								3,210
FUTURE PROJECTS	150,000								12,036
E TOWER- PUMP & PRV	2,300,000								
E 1ST WL IMPROVEMENTS TO I-135	421,000								
W L ON N SPENCER - BROADWAY TO E 12TH	488,000								
FROM SPENCER TO OUTLET MALL	2,104,000								
W L ON N MERIDIAN-BROADWAY TO W 12TH	485,000								
MISCELLANEOUS									
TOTALS	9,533,000					186,565	202,212	234,309	299,707

CURRENT REVENUE BONDS/LOANS (SEWER)										
YEAR BONDED	DATE OF MATURITY	BALANCE (P&I)								
PROJECT		COST	2007	2008	2009	2010	2011	2012	2013	2014
REVENUE BONDS										
YEAR: 1998	Maturity Date: 0:	710,000	259,325	250,025	255,058					
WASTEWATER TREATMENT REFUNDING		2,135,000								
STATE LOANS										
YEAR: 2003	Maturity Date: 0:	1,037,009	87,149	87,149	87,149	87,149	87,149	87,149	87,149	87,149
WESTSIDE SEWER		1,182,447								
YEAR: 2010	Maturity Date: 0:	7,649,328				382,466	382,466	382,466	382,466	382,466
WWTP PHASE 1		5,800,000								
YEAR: 2010	Maturity Date: 0:	5,135,520				256,776	256,776	256,776	256,776	256,776
I-135 SEWER INTERCEPTOR		3,200,000								
TOTALS		<u>9,396,337</u>	<u>346,474</u>	<u>337,174</u>	<u>342,206</u>	<u>726,391</u>	<u>726,391</u>	<u>726,391</u>	<u>726,391</u>	<u>726,391</u>

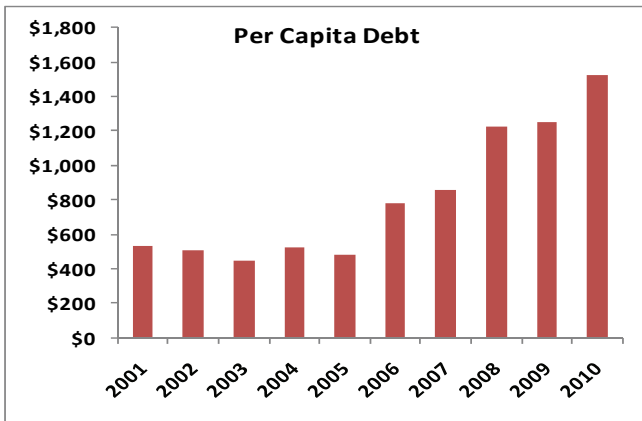
FUTURE SEWER PROJECTS										
DESCRIPTION	COST	2007	2008	2009	2010	2011	2012	2013	2014	
SEWER RECONSTRUCTION PROJECTS	150,000					12,036	12,036	12,036	12,036	
8" PIPE -I-135 TO CAPERLAND	300,000						24,073	24,073	24,073	
SWS REHABILITATION-CITY CORE AREA	100,000						8,024	8,024	8,024	
BASIN B TRENCHLESS TECHNOLOGY	604,000									48,467
INTERCEPTOR SE 12TH N 1/2 MILE	475,000									38,115
I-135 E SIDE SE 24TH N 1/2 MILE	115,000									
COW PALACE US 50 TO BNSF	625,000									
INTERCEPTOR E 1ST S 1/2 MILE	430,000									
BASIN E TRENCHLESS TECHNOLOGY	820,000									
PHASE 2 WWTP IMPROVEMENTS	13,000,000									
BASIN H TRENCHLESS TECHNOLOGY	667,000									
TOTALS	<u>17,286,000</u>					<u>12,036</u>	<u>44,133</u>	<u>44,133</u>	<u>130,715</u>	

DEBT RATIOS

To provide perspective and monitor trends in indebtedness of the City, various debt ratios are calculated. 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. It has been possible to finance improvements without jeopardizing these common indicators.

Per Capita Debt

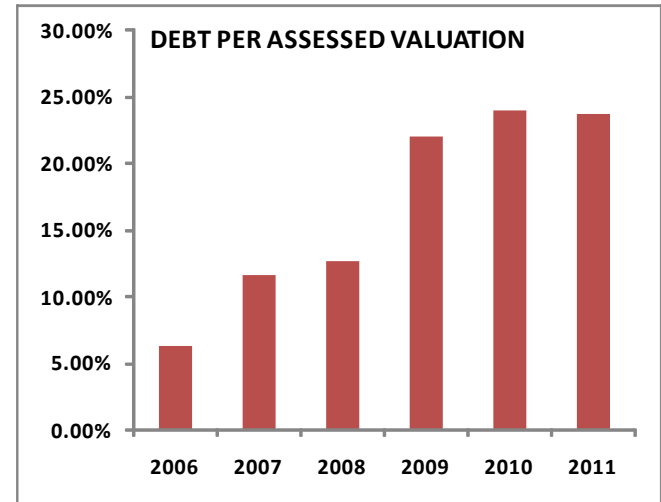
Per capita debt is derived by dividing total direct debt by the population of the City of Newton. In recent years the per capita debt has grown. This is a reflection of increasing economic activity in the City of Newton and the use of debt to finance these activities.



Net Bonded Debt To Assessed Valuation

A component of the State debt law is the legal debt limit. According to Kansas Law, bonded debt for Cities is not to exceed 30% of tangible assessed valuation within the jurisdiction, with the following exceptions:

- Bonds issued by any city for the purpose of acquiring, enlarging, extending or improving any storm or sanitary sewer system
- Bonds issued by any city for the purpose of acquiring, enlarging, extending or improving any municipal utility;
- Bonds issued by any city to pay the cost of improvements to intersections of streets and alleys or that portion of any street immediately in front of city or school district property.



Overlapping Debt

Overlapping debt is a situation when multiple jurisdictions in a community each have debt. The City of Newton, Harvey County and the Newton School District periodically issue debt to finance community projects.

Direct & Overlapping Governmental Activities Debt				
Taxing Jurisdiction	2009 Assessed Valuation	Outstanding General Obligation Indebtedness	Percent Applicable to the City	Estimated Share of Overlapping Debt
Harvey County	275,404,343	5,098,500	45%	2,287,187
Newton School District	161,655,029	44,820,000	78%	34,869,960
City of Newton	115,191,488	48,020,000	100%	48,020,000
Total				85,177,147

**CITY OF NEWTON, KANSAS
ESTIMATED GENERAL OBLIGATION DEBT CAPACITY
AS OF APRIL 1, 2011**

ASSESSED VALUATION				
2010 Equalized Assessed Valuation of Taxable Tangible Property				\$110,466,537
2010 Tangible Valuation of Motor Vehicles				<u>\$ 16,698,797</u>
2010 Equalized Assessed Tangible Valuation for Computation of Bonded Debt Limitation				\$127,165,334
GENERAL OBLIGATION DEBT				
General Obligation Debt Limitation - 30% of Equalized Assessed Tangible Valuation				\$ 38,149,600
Outstanding General Obligation Bonds			\$ 48,020,000	
Outstanding Temporary Notes			<u>0</u>	
Total Outstanding General Obligation Debt				\$ 48,020,000
EXEMPT DEBT				
Issue	Dated Date	Exempt Percent	Outstanding Amount	Amount Exempt
General Obligation Bonds, Series 1996	11/1/1996	74.91	\$ 80,000	\$ 59,928
General Obligation Refunding & Imp. Bonds, Series 2001	8/15/2001	37.58	305,000	\$ 114,619
General Obligation Bonds, Series 2004-A	9/1/2004	27.25	4,180,000	1,139,050
Taxable General Obligation Refunding Bonds, Series 2004-B	9/1/2004	0.00	420,000	-
General Obligation Bonds, Series 2006-A	11/1/2006	55.51	8,380,000	4,651,738
Taxable General Obligation Bonds, Series 2006-B	11/1/2006	0.00	720,000	-
Sewer General Obligation Bonds, Series 2007-A	11/1/2007	100.00	2,055,000	2,055,000
General Obligation Bonds, Series 2008-A	4/1/2008	9.52	12,035,000	1,145,732
Taxable General Obligation Bonds, Series 2008-B	4/1/2008	0.00	615,000	-
General Obligation Refunding & Imp. Bonds, Series 2009-A	7/1/2009	51.82	6,495,000	3,365,709
General Obligation Refunding & Imp. Bonds, Series 2010-A	7/15/2010	29.79	7,800,000	2,323,334 *
Taxable General Obligation Bonds, Series 2010-B	12/1/2010	0.00	2,000,000	-
General Obligation TIF Bonds, Series 2010-C	12/15/2010	100.00	<u>2,935,000</u>	2,935,000
			\$ 48,020,000	
Total Exempt Debt				\$(17,790,110)
Net Debt Applicable To Statutory Debt Limitation				<u>\$ 30,229,890</u>
ESTIMATED ADDITIONAL DEBT CAPACITY				\$ 7,919,710
Issue is comprised of Refunding and New Issue bonds resulting in a combined set Amount Exempt and the % backed into *				

CITY OF NEWTON, KANSAS
 OUTSTANDING GENERAL OBLIGATION BONDED DEBT
 AS OF APRIL 1, 2011

YEAR	\$1,320,000 G.O. BONDS SERIES 1996 Dated 11/1/1996	\$7,285,000 G.O. REF & IMP SERIES 2001 Dated 8/15/01	\$5,323,000 G.O. BONDS SERIES 2004A Dated 9/1/04	\$515,000 TAXABLE G.O. REF BONDS SERIES 2004B Dated 9/1/04	\$9,515,000 G.O. BONDS SERIES 2006A Dated 11/1/06	\$1,100,000 TAXABLE G.O. SERIES 2006B Dated 11/1/06	\$2,300,000 SEWER G.O. SERIES 2007A Dated 11/1/07	\$12,600,000 G.O. BONDS SERIES 2008A Dated 4/1/08	\$710,000 TAXABLE G.O. SERIES 2008B Dated 4/1/08	\$6,815,000 G.O. REF & IMP SERIES 2009A Dated 7/1/09	\$7,800,000 G.O. REF & IMP SERIES 2010A Dated 7/1/10	\$2,000,000 TAXABLE GO SERIES 2010B Dated 12/1/10	\$2,935,000 G.O. TIF BONDS SERIES 2010C Dated 12/15/10	TOTALS
2011	\$ 80,000	\$ 305,000	\$ 225,000	\$ 20,000	\$ 295,000	\$ 105,000	\$ 80,000	\$ 420,000	\$ 60,000	\$ 385,000	\$ 165,000	\$ -	\$ -	\$ 2,140,000
2012	-	-	235,000	20,000	310,000	110,000	85,000	440,000	65,000	390,000	515,000	-	-	\$ 2,170,000
2013	-	-	240,000	20,000	325,000	115,000	90,000	465,000	70,000	405,000	515,000	-	120,000	\$ 2,365,000
2014	-	-	250,000	25,000	335,000	125,000	95,000	485,000	75,000	415,000	530,000	-	125,000	\$ 2,460,000
2015	-	-	260,000	25,000	355,000	130,000	100,000	515,000	80,000	245,000	535,000	-	125,000	\$ 2,370,000
2016	-	-	275,000	25,000	370,000	135,000	100,000	540,000	80,000	260,000	550,000	90,000	130,000	\$ 2,555,000
2017	-	-	285,000	30,000	525,000	135,000	105,000	570,000	90,000	265,000	540,000	95,000	135,000	\$ 2,640,000
2018	-	-	295,000	30,000	550,000	135,000	110,000	600,000	95,000	275,000	560,000	100,000	140,000	\$ 2,755,000
2019	-	-	310,000	30,000	575,000	135,000	120,000	630,000	-	290,000	575,000	105,000	150,000	\$ 2,790,000
2020	-	-	325,000	35,000	600,000	135,000	125,000	660,000	-	285,000	600,000	110,000	150,000	\$ 2,890,000
2021	-	-	345,000	35,000	620,000	135,000	130,000	690,000	-	300,000	625,000	115,000	155,000	\$ 3,020,000
2022	-	-	360,000	40,000	645,000	135,000	135,000	735,000	-	315,000	200,000	120,000	160,000	\$ 2,710,000
2023	-	-	380,000	40,000	670,000	140,000	140,000	770,000	-	330,000	200,000	130,000	170,000	\$ 2,890,000
2024	-	-	395,000	45,000	705,000	140,000	150,000	815,000	-	345,000	200,000	135,000	175,000	\$ 2,990,000
2025	-	-	-	-	735,000	140,000	155,000	855,000	-	365,000	225,000	145,000	180,000	\$ 2,660,000
2026	-	-	-	-	765,000	140,000	165,000	900,000	-	380,000	230,000	150,000	190,000	\$ 2,780,000
2027	-	-	-	-	-	170,000	170,000	945,000	-	395,000	240,000	160,000	195,000	\$ 2,105,000
2028	-	-	-	-	-	-	-	995,000	-	415,000	250,000	170,000	205,000	\$ 2,035,000
2029	-	-	-	-	-	-	-	-	-	435,000	260,000	180,000	215,000	\$ 1,090,000
2030	-	-	-	-	-	-	-	-	-	-	270,000	195,000	220,000	\$ 685,000
Total	\$ 80,000	\$ 305,000	\$ 4,180,000	\$ 420,000	\$ 8,380,000	\$ 720,000	\$ 2,055,000	\$ 12,035,000	\$ 615,000	\$ 6,495,000	\$ 7,800,000	\$ 2,000,000	\$ 2,935,000	\$ 48,020,000
Exempt Percent	74.91%	37.58%	27.25%	0.00%	55.51%	0.00%	100.00%	9.52%	0.00%	51.82%	29.79%	0.00%	100.00%	
Total Amount Exempt	\$ 59,928	\$ 114,619	\$ 1,139,050	\$ -	\$ 4,651,738	\$ -	\$ 2,055,000	\$ 1,145,732	\$ -	\$ 3,365,709	\$ 2,323,334	\$ -	\$ 2,935,000	\$ 17,790,110
Month of Maturity	1-Sep	1-Sep	1-Sep	1-Sep	1-Sep	1-Sep	1-Sep	1-Sep	1-Sep	1-Sep	1-Sep	1-Dec	1-Dec	
Optional (Callable)	2006 & thereafter callable 9/1/05 @ PAR plus Accrued Interest	2012 & thereafter callable 9/1/11 @ PAR plus Accrued Interest	2015 & thereafter callable 9/1/14 @ PAR plus Accrued Interest	2015 & thereafter callable 9/1/14 @ PAR plus Accrued Interest	2017 & thereafter callable 9/1/16 @ PAR plus Accrued Interest	Not Callable	2018 & thereafter callable 9/1/17 @ PAR plus Accrued Interest	2019 & thereafter callable 9/1/18 @ PAR plus Accrued Interest	2017 & thereafter callable 9/1/16 @ PAR plus Accrued Interest	2020 & thereafter callable 9/1/19 @ PAR plus Accrued Interest	2021 & thereafter callable 9/1/20 @ PAR plus Accrued Interest	2025 & thereafter callable 12/1/20 @ PAR plus Accrued Interest	2021 & thereafter callable 12/1/20 @ PAR plus Accrued Interest	

The City has no Temporary Notes outstanding as of April 1, 2011



	2008	ACTUAL 2009	2010	ADOPTED 2011	ADOPTED 2012
300- G.O. BOND INTEREST FUND					
REVENUE SUMMARY					
Taxes	\$ 398,850	\$ 420,114	\$ 384,217	\$ 388,054	\$ 535,397
Special Receipts	\$ 717,255	\$ 1,006,132	\$ 790,891	\$ 958,496	\$ 1,047,431
Transfer In	\$ 915,291	\$ 1,570,215	\$ 1,828,588	\$ 2,550,263	\$ 2,415,184
TOTAL REVENUES	\$ 2,031,396	\$ 2,996,461	\$ 3,003,696	\$ 3,896,813	\$ 3,998,012
EXPENDITURE SUMMARY					
Contractual Services	\$ 2,446,310	\$ 3,396,490	\$ 3,734,511	\$ 4,580,544	\$ 4,373,506
TOTAL EXPENDITURES	\$ 2,446,310	\$ 3,396,490	\$ 3,734,511	\$ 4,580,544	\$ 4,373,506
REVENUES OVER (UNDER) EXPENSES	\$ (414,914)	\$ (400,029)	\$ (730,815)	\$ (683,731)	\$ (375,494)

	2008	ACTUAL 2009	2010	ADOPTED 2011	ADOPTED 2012
330 - WASTEWATER BOND & INTEREST					
REVENUE SUMMARY					
Total Other Revenue		\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000
Transfer In	\$ 324,174	\$ 349,206	\$ 730,893	\$ 1,003,312	\$ 953,075
TOTAL REVENUES	\$ 324,174	\$ 370,206	\$ 751,893	\$ 1,024,312	\$ 974,075
EXPENDITURE SUMMARY					
Contractual Services	\$ 337,177	\$ 382,586	\$ 723,895	\$ 998,312	\$ 948,075
TOTAL EXPENDITURES	\$ 337,177	\$ 382,586	\$ 723,895	\$ 998,312	\$ 948,075
REVENUES OVER (UNDER) EXPENSES	\$ (13,003)	\$ (12,380)	\$ 27,998	\$ 26,000	\$ 26,000

	2008	ACTUAL 2009	2010	ADOPTED 2011	ADOPTED 2012
360 - WATERWORKS BOND & INTEREST					
REVENUE SUMMARY					
Transfer In	\$ 384,452	\$ 377,777	\$ 577,007	\$ 751,496	\$ 750,495
TOTAL REVENUES	\$ 384,452	\$ 377,777	\$ 577,007	\$ 751,496	\$ 750,495
EXPENDITURE SUMMARY					
Contractual Services	\$ 382,455	\$ 423,411	\$ 577,015	\$ 754,496	\$ 753,495
TOTAL EXPENDITURES	\$ 382,455	\$ 423,411	\$ 577,015	\$ 754,496	\$ 753,495
REVENUES OVER (UNDER) EXPENSES	\$ 1,997	\$ (45,634)	\$ (8)	\$ (3,000)	\$ (3,000)