



To the City Council
City of Newton
Newton, Illinois

In planning and performing our audit of the financial statements of the City of Newton, Illinois, as of and for the year ended April 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the City's internal control in our report dated October 4, 2021. This letter does not affect our report dated October 4, 2021, on the financial statements of the City of Newton.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, members of the finance committee, council members, and others within the entity, and is not intended to be, and should not be, used by anyone other than those specified parties.

Very truly yours,

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

October 4, 2021

Current Year Comments:

Utility Funds

Attached is a statistical analysis of the City's utility funds.

Legal Debt Limitation

Attached is an analysis of the City's legal debt limitation.

City of Newton
Electric Fund Statistical Analysis
For the Years Ending April 30, 2021 & 2020

	2021		2020		Change from Prior Year	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
Electric Fund:						
Customer Recap:						
Average Customers Per Month	1,316	304	1,326	304	(10)	-
Highest Month	1,322	307	1,341	308	(19)	(1)
Lowest Month	1,310	301	1,314	303	(4)	(2)

	2021		2020		Change from Prior Year	
	Per Month	Per Year	Per Month	Per Year	Per Month	Per Year
Average Billing Per Customer:						
Residential	\$ 92.02	\$ 1,104	\$ 78.02	\$ 936	\$ 14	\$ 168
Commercial	\$ 375.38	\$ 4,505	\$ 342.44	\$ 4,109	\$ 33	\$ 395

	2021		2020		Change from Prior Year	
	Quantity	% of Purchased	Quantity	% of Purchased	Quantity	% of Purchased
Purchases vs. Billings:						
KW Hours Purchased	25,410,000	100.0%	26,732,000	100.0%	(1,322,000)	0.0%
KW Hours Billed	24,069,000	94.7%	25,482,000	95.3%	(1,413,000)	-0.6%
KW Hours Unbilled (City/Government/Security Light/Lost)	1,341,000	5.3%	1,250,000	4.7%	91,000	0.6%

	2021		2020		Change from Prior Year	
	Billings	% of Billings	Billings	% of Billings	Billings	% of Billings
Billings Analysis:						
Residential	\$ 1,453,169	51.5%	\$ 1,241,403	40.3%	\$ 211,766	11.1%
Commercial	\$ 1,369,386	48.5%	\$ 1,249,211	40.6%	\$ 120,175	7.9%
T-Town	\$ -	0.0%	\$ 3,105	0.1%	\$ (3,105)	-0.1%
City	\$ 90,940	3.2%	\$ 68,723	2.2%	\$ 22,217	1.0%
Security Light	\$ -	0.0%	\$ 455	0.0%	\$ (455)	0.0%
Purchase Cost Adjustment	\$ (89,867)	-3.2%	\$ 433,954	14.1%	\$ (523,821)	-17.3%
Tax	\$ -	0.0%	\$ 80,139	2.6%	\$ (80,139)	-2.6%
Total	\$ 2,823,628	100.0%	\$ 3,076,990	100.0%	\$ (253,363)	0.0%

City of Newton
Water Fund Statistical Analysis
For the Years Ending April 30, 2021 & 2020

	2021		2020		Change from Prior Year	
Water Fund:						
Customer Recap:						
Average Customers Per Month	1,555		1,582		(27)	
Highest Month	1,591		1,607		(16)	
Lowest Month	1,522		1,559		(37)	

	2021		2020		Change from Prior Year	
Average Billing Per Customer:						
Metered Sales	\$ 37.33	\$ 448	\$ 35.67	\$ 428	\$ 1.66	\$ 20

	2021		2020		Change from Prior Year	
Gallons Pumped vs. Billed:						
Gallons Pumped	96,175,000	100.0%	97,624,000	100.0%	(1,449,000)	-1.5%
Gallons Billed - Metered Sales	87,990,748	91.5%	89,297,518	91.5%	(1,306,770)	-1.3%
Fire Protection	-	0.0%	5,700	0.0%	(5,700)	0.0%
Leak Adjustments	-	0.0%	71,475	0.1%	(71,475)	-0.1%
St. Thomas	206,578	0.2%	241,270	0.2%	(34,692)	0.0%
Gallons Unaccounted For	7,977,674	8.3%	8,008,037	8.3%	(30,363)	0.0%

	2021		2020		Change from Prior Year	
Billings Analysis:						
Metered Sales	\$ 696,547	100.0%	\$ 677,163	100.0%	\$ 19,384	2.9%
Total	\$ 696,547	100.0%	\$ 677,163	100.0%	\$ 19,384	2.9%

City of Newton
Waste Water Fund Statistical Analysis
For the Years Ending April 30, 2021 & 2020

	2021	2020	Change from Prior Year
Waste Water Fund:			
Customer Recap:			
Average Customers Per Month	1,382	1,410	(28)
Highest Month	1,410	1,428	(18)
Lowest Month	1,358	1,393	(35)
Average Billing Per Customer:			
Metered Sales	\$ 40.59	\$ 38.87	\$ 1.72
	\$ 487	\$ 466	\$ 21

Billings Analysis:		
Metered Sales	\$ 673,198	\$ 657,744
	\$ 15,454	

City of Newton
Legal Debt Limitation Analysis
April 30, 2021

Total assessed value	<u>\$ 27,424,750</u>
Legal debt margin:	
Debt limitation - 8.625% of total assessed value	<u>2,365,385</u>
Debt applicable to limitation:	
Waste Water - PSB Loan	<u>1,313,245</u>
Total debt applicable to limitation	<u>1,313,245</u>
Legal debt margin available	<u><u>\$ 1,052,140</u></u>
Actual debt percentage	<u><u>4.79%</u></u>

The City's indebtedness is limited to 8.625% of the value of the taxable property located within the City's boundaries. The revenue bonds are not included in the debt applicable to the limitation per 65 ILCS 5/8-5-16.