

CITY OF NEWTON, ILLINOIS
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
APRIL 30, 2022

CITY OF NEWTON, ILLINOIS
Financial Statements and Supplementary Information
April 30, 2022

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April 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Newton, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newton, Illinois, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Newton, Illinois' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newton, Illinois, as of April 30, 2022, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Newton, Illinois 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards 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 of Newton, Illinois' 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 of Newton, Illinois' 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newton, Illinois' basic financial statements. The combining nonmajor fund financial statements 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 combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison information and related notes but does not include the basic financial statements and our auditor's 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 August 26, 2022, on our consideration of the City of Newton, Illinois' 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 of Newton, Illinois' 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 of Newton, Illinois' internal control over financial reporting and compliance.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

August 26, 2022

CITY OF NEWTON, ILLINOIS
Statement of Net Position - Modified Cash Basis
April 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,947,823	\$ 4,128,647	\$ 8,076,470
Restricted cash and cash equivalents	65,000	550,701	615,701
Inventory	90,620	-	90,620
Internal balances	(551,022)	551,022	-
Capital assets, net of accumulated depreciation	5,106,473	13,137,676	18,244,149
Total assets	<u>8,658,894</u>	<u>18,368,046</u>	<u>27,026,940</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	<u>44,736</u>	<u>-</u>	<u>44,736</u>
Total assets and deferred outflows of resources	<u>\$ 8,703,630</u>	<u>\$ 18,368,046</u>	<u>\$ 27,071,676</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Customer deposits	\$ -	\$ 355,896	\$ 355,896
Sales tax payable	47	-	47
Due within one year:			
Notes payable	-	85,544	85,544
Bonds payable	130,000	-	130,000
Due in more than one year:			
Notes payable	-	1,144,175	1,144,175
Bonds payable	710,708	-	710,708
Total liabilities	<u>840,755</u>	<u>1,585,615</u>	<u>2,426,370</u>
Net position:			
Net investment in capital assets	4,310,501	11,907,957	16,218,458
Restricted for:			
Other purposes	2,341,166	194,805	2,535,971
Unrestricted	1,211,208	4,679,669	5,890,877
Total net position	<u>7,862,875</u>	<u>16,782,431</u>	<u>24,645,306</u>
Total liabilities and net position	<u>\$ 8,703,630</u>	<u>\$ 18,368,046</u>	<u>\$ 27,071,676</u>

CITY OF NEWTON, ILLINOIS
Statement of Activities - Modified Cash Basis
For the Year Ended April 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 656,054	\$ 56,685	\$ 20	\$ -	\$ (599,349)	\$ -	\$ (599,349)
Public safety	1,013,581	24,992	2,781	25,000	(960,808)	-	(960,808)
Transportation and public works	484,095	-	113,400	62,587	(308,108)	-	(308,108)
Social services	26,640	4,925	-	-	(21,715)	-	(21,715)
Community development	258,727	34,630	38,730	13,675	(171,692)	-	(171,692)
Culture and recreation	493,738	63,261	-	-	(430,477)	-	(430,477)
Interest on long-term debt	38,655	-	-	-	(38,655)	-	(38,655)
Total governmental activities	<u>2,971,490</u>	<u>184,493</u>	<u>154,931</u>	<u>101,262</u>	<u>(2,530,804)</u>	<u>-</u>	<u>(2,530,804)</u>
Business-type activities:							
Electric	2,697,425	3,081,284	-	-	-	383,859	383,859
Water	580,663	695,604	-	495,000	-	609,941	609,941
Waste water treatment	521,818	680,867	-	194,805	-	353,854	353,854
Total business-type activities	<u>3,799,906</u>	<u>4,457,755</u>	<u>-</u>	<u>689,805</u>	<u>-</u>	<u>1,347,654</u>	<u>1,347,654</u>
Total primary government	<u>\$ 6,771,396</u>	<u>\$ 4,642,248</u>	<u>\$ 154,931</u>	<u>\$ 791,067</u>	<u>(2,530,804)</u>	<u>1,347,654</u>	<u>(1,183,150)</u>
General revenues:							
Taxes:							
Property taxes					1,190,421	-	1,190,421
Intergovernmental revenue:							
Sales tax					982,253	-	982,253
Income tax					405,679	-	405,679
Cannabis use tax					4,416	-	4,416
Replacement tax					115,512	-	115,512
Pull-tab and gaming tax					57,620	-	57,620
Township road and bridge					70,345	-	70,345
Interest and investment earnings					16,430	27,543	43,973
Miscellaneous					7,399	40,318	47,717
Gain on sale of capital assets					200	2,028	2,228
Transfers					275,727	(275,727)	-
Total general revenues, gains, and transfers					<u>3,126,002</u>	<u>(205,838)</u>	<u>2,920,164</u>
Change in net position					595,198	1,141,816	1,737,014
Net position - beginning					7,267,677	15,640,615	22,908,292
Net position - ending					<u>\$ 7,862,875</u>	<u>\$ 16,782,431</u>	<u>\$ 24,645,306</u>

CITY OF NEWTON, ILLINOIS
Balance Sheet - Modified Cash Basis
Governmental Funds
April 30, 2022

	<u>General</u>	<u>TIF</u>	<u>Tort & Liability Insurance</u>	<u>Capital Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,126,429	\$ 795,583	\$ 506,950	\$ 208,860	\$ 934,439	\$ 3,572,261
Restricted cash and cash equivalents	65,000	-	-	-	-	65,000
Due from other funds	-	-	-	2,200	-	2,200
Inventory	-	90,620	-	-	-	90,620
Total assets	<u>\$ 1,191,429</u>	<u>\$ 886,203</u>	<u>\$ 506,950</u>	<u>\$ 211,060</u>	<u>\$ 934,439</u>	<u>\$ 3,730,081</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ -	\$ 370,900	\$ 2,200	\$ 373,100
Sales tax payable	47	-	-	-	-	47
Total liabilities	<u>47</u>	<u>-</u>	<u>-</u>	<u>370,900</u>	<u>2,200</u>	<u>373,147</u>
Fund balances:						
Nonspendable	-	90,620	-	-	-	90,620
Restricted	104,194	795,583	506,950	-	934,439	2,341,166
Committed	24,062	-	-	-	-	24,062
Assigned	244,430	-	-	-	-	244,430
Unassigned	818,696	-	-	(159,840)	(2,200)	656,656
Total fund balances	<u>1,191,382</u>	<u>886,203</u>	<u>506,950</u>	<u>(159,840)</u>	<u>932,239</u>	<u>3,356,934</u>
Total liabilities and fund balances	<u>\$ 1,191,429</u>	<u>\$ 886,203</u>	<u>\$ 506,950</u>	<u>\$ 211,060</u>	<u>\$ 934,439</u>	

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.

5,106,473

Internal service funds are used by management to charge health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

195,440

Long-term liabilities, including bonds payable and deferred outflows on debt refunding, are not due and payable in the current period and therefore are not reported in the funds.

(795,972)

Net position of governmental activities

\$ 7,862,875

CITY OF NEWTON, ILLINOIS
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended April 30, 2022

	<u>General</u>	<u>TIF</u>	<u>Tort & Liability Insurance</u>	<u>Capital Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property taxes	\$ 90,558	\$ 498,254	\$ 241,784	\$ -	\$ 359,825	\$ 1,190,421
Intergovernmental:						
Sales tax	982,253	-	-	-	-	982,253
Income tax	405,679	-	-	-	-	405,679
Cannabis use tax	4,416	-	-	-	-	4,416
Replacement tax	115,512	-	-	-	-	115,512
Pull-tab and gaming tax	57,620	-	-	-	-	57,620
Township road and bridge	70,345	-	-	-	-	70,345
Licenses and permits	31,179	-	-	-	-	31,179
Fees and fines	31,882	-	-	-	-	31,882
Charges for services	93,115	10,257	-	-	-	103,372
Revenue from the use of property and equipment	345	-	-	17,715	-	18,060
Operating grants and contributions	2,801	-	-	-	152,130	154,931
Capital grants and contributions	25,000	-	-	-	76,262	101,262
Interest and investment earnings	5,804	2,622	2,397	808	3,627	15,258
Miscellaneous	6,482	-	-	902	15	7,399
Total revenues	<u>1,922,991</u>	<u>511,133</u>	<u>244,181</u>	<u>19,425</u>	<u>591,859</u>	<u>3,289,589</u>
EXPENDITURES						
Current:						
General government	247,330	-	242,103	-	143,611	633,044
Public safety	823,988	-	85,099	-	107,515	1,016,602
Transportation and public works	219,106	-	43,764	-	130,603	393,473
Social services	26,640	-	-	-	-	26,640
Community development	14,859	134,611	3,560	16,294	41,935	211,259
Culture and recreation	267,357	-	23,540	-	28,197	319,094
Debt service:						
Principal	130,000	-	-	-	-	130,000
Interest	25,445	-	-	4,101	-	29,546
Capital outlay	119,631	-	-	9,289	10,201	139,121
Total expenditures	<u>1,874,356</u>	<u>134,611</u>	<u>398,066</u>	<u>29,684</u>	<u>462,062</u>	<u>2,898,779</u>
Excess (deficiency) of revenues over (under) expenditures	<u>48,635</u>	<u>376,522</u>	<u>(153,885)</u>	<u>(10,259)</u>	<u>129,797</u>	<u>390,810</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	200	-	-	-	-	200
Operating transfers in	173,803	-	-	89,214	-	263,017
Total other financing sources (uses)	<u>174,003</u>	<u>-</u>	<u>-</u>	<u>89,214</u>	<u>-</u>	<u>263,217</u>
Net change in fund balance	222,638	376,522	(153,885)	78,955	129,797	654,027
Fund balances - beginning	968,744	509,681	660,835	(238,795)	802,442	2,702,907
Fund balances - ending	<u>\$ 1,191,382</u>	<u>\$ 886,203</u>	<u>\$ 506,950</u>	<u>\$ (159,840)</u>	<u>\$ 932,239</u>	<u>\$ 3,356,934</u>

CITY OF NEWTON, ILLINOIS
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities - Modified Cash Basis
For the Year Ended April 30, 2022

Net change in fund balances - total governmental funds \$ 654,027

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 as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

	Capital outlay	139,121	
	Depreciation	<u>(377,755)</u>	(238,634)

The issuance of long-term debt 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, the governmental funds report the effect of premiums and discounts 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.

	Repayment	130,000	
	Deferred charge on refunding amortization	(9,256)	
	Bond discount amortization	<u>147</u>	120,891

Internal service funds are used by the City to charge health insurance to individual funds. The change in net position of certain activities of internal service funds is reported with governmental activities. 58,914

Change in net position of governmental activities \$ 595,198

CITY OF NEWTON, ILLINOIS
Statement of Net Position - Modified Cash Basis
Proprietary Funds
April 30, 2022

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Electric	Water	Wastewater Treatment		Health Insurance
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,779,206	\$ 604,175	\$ 745,266	\$ 4,128,647	\$ 375,562
Restricted cash and cash equivalents	355,896	-	194,805	550,701	-
Due from other funds	37,025	185,450	185,450	407,925	-
Total current assets	<u>3,172,127</u>	<u>789,625</u>	<u>1,125,521</u>	<u>5,087,273</u>	<u>375,562</u>
Noncurrent assets:					
Capital assets, net of accumulated depreciation	4,997,686	4,122,631	4,017,359	13,137,676	-
Total noncurrent assets	<u>4,997,686</u>	<u>4,122,631</u>	<u>4,017,359</u>	<u>13,137,676</u>	<u>-</u>
Total assets	<u>\$ 8,169,813</u>	<u>\$ 4,912,256</u>	<u>\$ 5,142,880</u>	<u>\$ 18,224,949</u>	<u>\$ 375,562</u>
LIABILITIES AND NET POSITION					
Liabilities:					
Current liabilities:					
Customer deposits	\$ 355,896	\$ -	\$ -	\$ 355,896	\$ -
Due to other funds	-	-	37,025	37,025	-
Current portion of notes payable	-	-	85,544	85,544	-
Total current liabilities	<u>355,896</u>	<u>-</u>	<u>122,569</u>	<u>478,465</u>	<u>-</u>
Noncurrent liabilities:					
Notes payable	-	-	1,144,175	1,144,175	-
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>1,144,175</u>	<u>1,144,175</u>	<u>-</u>
Total liabilities	<u>355,896</u>	<u>-</u>	<u>1,266,744</u>	<u>1,622,640</u>	<u>-</u>
Net position:					
Net investment in capital assets	4,997,686	4,122,631	2,787,640	11,907,957	-
Restricted by grant proceeds	-	-	194,805	194,805	-
Unrestricted	2,816,231	789,625	893,691	4,499,547	375,562
Total net position	<u>7,813,917</u>	<u>4,912,256</u>	<u>3,876,136</u>	<u>16,602,309</u>	<u>375,562</u>
Total liabilities and net position	<u>\$ 8,169,813</u>	<u>\$ 4,912,256</u>	<u>\$ 5,142,880</u>		<u>\$ 375,562</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				180,122	
Total net position of business-type activities				<u>\$ 16,782,431</u>	

CITY OF NEWTON, ILLINOIS
Statement of Revenues, Expenses, and Changes in Net Position -
Modified Cash Basis
Proprietary Funds
For the Year Ended April 30, 2022

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Electric	Water	Wastewater Treatment		Health Insurance
Operating revenues:					
Charges for services	\$ 3,081,284	\$ 695,604	\$ 680,867	\$ 4,457,755	\$ 243,685
Miscellaneous	14,739	16,814	8,765	40,318	11,968
Total operating revenues	<u>3,096,023</u>	<u>712,418</u>	<u>689,632</u>	<u>4,498,073</u>	<u>255,653</u>
Operating expenses:					
Personal services	355,384	214,178	165,676	735,238	-
Support services	6,633	6,181	3,901	16,715	-
Contractual services	1,840,438	14,711	31,928	1,887,077	69,643
Utilities	9,715	27,139	56,991	93,845	-
Repairs and maintenance	109,230	136,737	64,532	310,499	-
Other supplies and materials	112,748	42,209	14,128	169,085	-
Insurance	14,466	7,014	6,639	28,119	97,273
Depreciation	269,277	144,378	154,631	568,286	-
Miscellaneous	995	820	971	2,786	-
Total operating expenses	<u>2,718,886</u>	<u>593,367</u>	<u>499,397</u>	<u>3,811,650</u>	<u>166,916</u>
Operating income (loss)	<u>377,137</u>	<u>119,051</u>	<u>190,235</u>	<u>686,423</u>	<u>88,737</u>
Nonoperating revenue (expenses):					
Interest and investment revenue	21,041	2,907	3,595	27,543	1,172
Grant income	-	495,000	194,805	689,805	-
Interest expense	-	-	(31,961)	(31,961)	-
Gain on sale of fixed assets	-	2,028	-	2,028	-
Total nonoperating revenues (expenses)	<u>21,041</u>	<u>499,935</u>	<u>166,439</u>	<u>687,415</u>	<u>1,172</u>
Income (loss) before transfers	398,178	618,986	356,674	1,373,838	89,909
Transfers in	-	-	-	-	25,045
Transfers out	<u>(225,226)</u>	<u>(31,722)</u>	<u>(31,114)</u>	<u>(288,062)</u>	<u>-</u>
Change in net position	172,952	587,264	325,560	1,085,776	114,954
Total net position - beginning	<u>7,640,965</u>	<u>4,324,992</u>	<u>3,550,576</u>		<u>260,608</u>
Total net position - ending	<u>\$ 7,813,917</u>	<u>\$ 4,912,256</u>	<u>\$ 3,876,136</u>		<u>\$ 375,562</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				56,040	
Change in net position of business-type activities				<u>\$ 1,141,816</u>	

CITY OF NEWTON, ILLINOIS
Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year Ended April 30, 2022

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Electric	Water	Wastewater Treatment		Health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 3,087,037	\$ 695,484	\$ 680,867	\$ 4,463,388	\$ -
Receipts from interfund services provided	-	-	-	-	243,685
Payments to suppliers	(2,094,225)	(234,811)	(179,090)	(2,508,126)	(69,643)
Payments to employees	(308,558)	(186,457)	(144,859)	(639,874)	-
Payments for interfund services used	(46,826)	(27,721)	(20,817)	(95,364)	-
Payments for claims	-	-	-	-	(97,273)
Other receipts	14,739	16,814	8,765	40,318	11,968
Net cash provided (used) by operating activities	<u>652,167</u>	<u>263,309</u>	<u>344,866</u>	<u>1,260,342</u>	<u>88,737</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	-	-	-	25,045
Transfers to other funds	(225,226)	(31,722)	(31,114)	(288,062)	-
Net cash provided (used) by noncapital financing activities	<u>(225,226)</u>	<u>(31,722)</u>	<u>(31,114)</u>	<u>(288,062)</u>	<u>25,045</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(288,472)	(660,654)	-	(949,126)	-
Proceeds from sale of capital assets	-	2,028	-	2,028	-
Capital Grants	-	495,000	194,805	689,805	-
Receipts (payments) for interfund loans	12,825	19,599	6,774	39,198	-
Principal paid on notes	-	-	(83,526)	(83,526)	-
Interest paid on notes/interfund loans	-	-	(31,961)	(31,961)	-
Net cash provided (used) by capital and related financing activities	<u>(275,647)</u>	<u>(144,027)</u>	<u>86,092</u>	<u>(333,582)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	21,041	2,907	3,595	27,543	1,172
Net cash provided by investing activities	<u>21,041</u>	<u>2,907</u>	<u>3,595</u>	<u>27,543</u>	<u>1,172</u>
Net increase (decrease) in cash and cash equivalents	172,335	90,467	403,439	666,241	114,954
Cash and cash equivalents - beginning of year	2,962,767	513,708	536,632	4,013,107	260,608
Cash and cash equivalents - end of year	<u>\$ 3,135,102</u>	<u>\$ 604,175</u>	<u>\$ 940,071</u>	<u>\$ 4,679,348</u>	<u>\$ 375,562</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income	\$ 377,137	\$ 119,051	\$ 190,235	\$ 686,423	\$ 88,737
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	269,277	144,378	154,631	568,286	-
Change in liabilities:					
Customer deposits	5,753	-	-	5,753	-
Sales tax payable	-	(120)	-	(120)	-
Net cash provided (used) by operating activities	<u>\$ 652,167</u>	<u>\$ 263,309</u>	<u>\$ 344,866</u>	<u>\$ 1,260,342</u>	<u>\$ 88,737</u>
Reconciliation of cash on statement of net position to cash balance at year end:					
Cash and cash equivalents	\$ 2,779,206	\$ 604,175	\$ 745,266	\$ 4,128,647	\$ 375,562
Restricted cash and cash equivalents	355,896	-	194,805	550,701	-
Cash and cash equivalents - end of year	<u>\$ 3,135,102</u>	<u>\$ 604,175</u>	<u>\$ 940,071</u>	<u>\$ 4,679,348</u>	<u>\$ 375,562</u>

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022

Note 1: Summary of Significant Accounting Policies

The City of Newton, Illinois (the “City”) operates under the Illinois Municipal Code, Chapter 65 of the Illinois Compiled Statutes. It provides for the following services as authorized by statute: public safety and health, maintenance of highways and streets, recreation, zoning and planning, electric, water, wastewater treatment services, and general administration.

The accounting policies and presentation of the basic financial statements of the City have been prepared in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

A. Financial Reporting Entity

In conformance with generally accepted accounting principles, the City is considered the primary governmental unit, and includes all funds, elected offices, and departments of the City.

Financial accountability is defined as the appointment of a voting majority of the component unit’s board, and either (1) the City’s ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit or impose a financial burden on the City. After applying the concept of financial accountability, scope of public service, or special financing relationship criteria, no organizations have been determined to be part of the reporting entity.

Basis of Presentation

The City’s basic financial statements consist of government-wide statements including the statement of net position and statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The government-wide focus is on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The statement of net position and statement of activities display information about the City as a whole. These statements include financial activities of the primary government. The effect of interfund activity has been removed from these statements. The government-wide statement of activities reflects both expenses and net cost of each function of the City’s governmental activities. Program revenues include charges paid by a recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, such as property taxes, are presented as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each function is self-financing or draws from the general revenues of the City.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Fund Financial Statements

The financial transactions of the City are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that is comprised of its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund financial statements are provided for governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and proprietary funds; therefore each is displayed in a separate column. All remaining governmental and proprietary funds are aggregated and presented as nonmajor funds.

Funds are classified into the following categories: governmental and proprietary.

Governmental funds are used to account for all or most of a City's general activities, including the collection and disbursement of earmarked monies (special revenue funds).

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Measurement Focus

The government-wide statements report using the economic resources measurement focus. Proprietary fund financial statements also report using this same focus. Governmental fund financial statements report using the current financial resources measurement focus. Since the governmental fund financial statements are presented on a different measurement focus than the government-wide statements (due mainly to inclusion of capital assets and long-term debt activity in the government-wide presentation) a reconciliation is presented, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

Basis of Accounting

Basis of accounting refers to when revenues received and expenses or expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The City maintains its accounting records for all funds on the modified cash basis of accounting. Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenses or expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction, with the exception of inventory. Liabilities of a fund, similarly, result from previous cash transactions.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Basis of Accounting (Continued)

Operating revenue and expenses reported in proprietary fund financial statements includes revenue and expenses related to the primary, continuing operations of the fund. Principal operating revenue for proprietary funds is charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

B. Fund Types and Major Funds

The City reports the following major governmental funds:

The General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The TIF fund is used to account for the revenues and expenditures of the Tax Increment Financing District of the City.

The Capital Development fund is used to account for the revenues and expenditures for community development of the City.

The Tort & Liability Insurance fund accounts for revenues and expenditures associated with providing insurance and risk management services to the City.

The City reports the following major proprietary funds:

The Electric fund is used to account for revenues and expenses associated with providing electric services to the City.

The Water fund is used to account for revenues and expenses associated with providing water services to the City.

The Wastewater Treatment fund is used to account for revenues and expenses associated with providing sewage services to the City.

The Health Insurance fund is used to account for the activities of the City's self-insured health plan for its employees.

C. Cash and Investments

The City maintains cash balances to meet current operating requirements. Cash in excess of current requirements is invested in interest bearing deposit accounts and included in the financial statements as cash and cash equivalents.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considers all passbook savings and non-negotiable certificates of deposit to be cash equivalents.

E. Inventory

Inventory consists of developed lots in the 5 Aprils Crossing subdivision held for sale. Inventory is valued at the lower of cost or net realizable value.

F. Internal Balances

Interfund activity is reported as loans, services provided, reimbursements or transfers. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Interfund transactions are recorded by all funds affected in the period in which transactions are executed.

Interfund receivables and payables maintained in the governmental activities have been eliminated to the respective fund of the City in the government-wide financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, right of ways, and bridges), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as individual assets with an initial, individual cost of more than \$5,000 and an estimated useful life of 1 year or more. Such assets are recorded at historical costs if purchased or constructed. Donated capital assets are not recorded because they did not result from a cash transaction. The City writes off fully depreciated equipment.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 - 50
Improvements	10 - 20
Equipment	2 - 20

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

H. Compensated Absences

The City of Newton maintains policies governing vacation, sick, comp time, and personal time covering qualified employees. Under the modified cash basis of accounting, the City does not record any accrued compensated absences. Those benefits utilized in the current year are recorded through payroll.

The City pays out either 50% or 100% of unused sick time upon an employee's termination. As of April 30, 2022, the City's liability for unused sick time is estimated to be \$263,506.

I. Bonds and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs, are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums and discounts received on debt issuance are also reported as other financing sources (uses). Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as a liability in the governmental activities fund type financial statements.

In the fund financial statements, governmental fund types recognize long-term debt proceeds as other financing sources, and repayments of long-term debt as ordinary expenditures.

K. Deferred Outflows of Resources

In addition to assets, the statement of net position reports 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 future periods and thus, will not be recognized as an outflow of resources (expenditure) until then. The City has only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement 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.

L. Fund Equity

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets is the net cost (book value) of the capital assets, less principal on any long-term debt outstanding that was issued to construct, purchase or otherwise acquire the capital asset plus deferred outflows of resources related to those assets.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

L. Fund Equity (Continued)

According to Government Accounting Standards, fund balances are to be classified into five major classifications: Non-spendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance based on the nature and extent of the constraints placed on a government's fund balances.

The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balance – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balance - amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned fund balance – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for a specific purpose. Only the City Council may assign amounts for specific purposes.

Unassigned fund balance – all other spendable amounts.

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. 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.

M. Program Revenues

Charges for services include revenues based on exchange or exchange-like transactions, namely charges for services provided by the City's offices. Program specific grants and contributions (operating and capital) include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program, namely donations received from third-parties or state grants received for program operations.

N. Use of Estimates

The preparation of the basic financial statements in conformity with the modified cash basis method of accounting requires the City's 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/or amounts of reported revenues and expenditures during the reporting period. Actual results could differ from those estimates.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

O. Restricted Cash

The City is required to establish and maintain prescribed amounts of resources that can be used only to refund customer utility deposits. In addition, the general fund, based on certain bond covenants, is required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt. The Wastewater Treatment fund also maintains restricted cash for unspent grant revenue.

At April 30, 2022, the City maintained restricted cash as follows:

<u>Business-type Activities</u>	
For repayment of customer utility deposits	\$ 355,896
American Rescue Plan Grant Proceeds	<u>194,805</u>
	<u>\$ 550,701</u>
 <u>Governmental Activities</u>	
Debt service	<u>\$ 65,000</u>

P. Concentration of Credit Risk

All users of the City’s electric, water and wastewater system are located within the same geographic area within Jasper County, Illinois.

Q. Date of Management’s Review

Management has evaluated subsequent events and transactions that occurred after the balance sheet date up to August 26, 2022, the date which the financial statements were available to be issued.

R. Effect of COVID-19 Pandemic

On March 11, 2020, the World Health Organization (“WHO”) recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. We believe the ultimate financial impact of the COVID-19 pandemic on the City is likely to be determined by factors which are uncertain, unpredictable and outside of the control of the City. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially adversely affect future revenues.

Note 2: Cash and Investments

The City’s cash deposits consist of checking, money market funds, savings accounts, and non-negotiable certificates of deposit. These deposits are stated at cost. The City is authorized by state statute to invest in obligations of the U.S. Treasury, agencies, instrumentalities, commercial paper noted within the three highest classifications by at least two standard rating services, obligations of state and their political subdivisions, savings accounts, credit union shares, and Illinois Public Treasurer’s Investment Pool or such other officially recognized Illinois funds.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 2: Cash and Investments (Continued)

Cash Deposits

At April 30, 2022, the carrying amount and the bank balance of the City's cash deposits were \$8,690,771 and \$8,713,065, respectively. Cash deposits do not include petty cash of \$850 recorded in the General fund, \$125 recorded in the Electric fund, \$125 recorded in the Water fund, and \$300 recorded in the Wastewater Treatment fund. The City has a written investment policy.

The City's cash deposits are fully insured by the Federal Deposit Insurance Corporation and an irrevocable fluctuating letter of credit from the Federal Home Loan Bank.

Note 3: Common Bank Account

Separate bank accounts are not maintained for all of the City's funds. Certain funds maintain a portion of their cash balances in a common money market account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund. Occasionally, certain funds participating in the common bank account may incur an overdraft (deficit) in the account. The overdraft results from expenditures which have been approved by the City.

Note 4: Changes in Capital Assets

The following is a summary of changes in capital assets:

Governmental Activities:

	Balance <u>May 01, 2021</u>	<u>Additions</u>	Deletions/ <u>Reclassifications</u>	Balance <u>April 30, 2022</u>
Assets Not Depreciated:				
Land	\$ 1,058,673	\$ -	\$ -	\$ 1,058,673
Construction in progress	-	24,730	-	24,730
Assets Depreciated:				
Buildings and improvements	4,308,732	53,445	(16,060)	4,346,117
Equipment, furniture, fixtures	325,931	54,207	-	380,138
Infrastructure	3,611,239	6,739	-	3,617,978
Total Capital Assets	<u>9,304,575</u>	<u>139,121</u>	<u>(16,060)</u>	<u>9,427,636</u>
Less: Accumulated Depreciation:				
Buildings and improvements	(2,226,598)	(167,794)	16,060	(2,378,332)
Equipment, furniture, fixtures	(117,444)	(36,193)	-	(153,637)
Infrastructure	(1,615,426)	(173,768)	-	(1,789,194)
Total Accumulated Depreciation	<u>(3,959,468)</u>	<u>(377,755)</u>	<u>16,060</u>	<u>(4,321,163)</u>
Capital Assets, Net	<u>\$ 5,345,107</u>	<u>\$ (238,634)</u>	<u>\$ -</u>	<u>\$ 5,106,473</u>

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 4: Changes in Capital Assets (Continued)

Business-type Activities:

	<u>Balance</u> <u>May 01, 2021</u>	<u>Additions</u>	<u>Deletions/</u> <u>Reclassifications</u>	<u>Balance</u> <u>April 30, 2022</u>
Assets Not Depreciated:				
Land	\$ 123,572	\$ -	\$ -	\$ 123,572
Construction in progress	-	23,708	-	23,708
Assets Depreciated:				
Plant and equipment	<u>20,919,243</u>	<u>925,418</u>	<u>(204,872)</u>	<u>21,639,789</u>
Total Capital Assets	21,042,815	949,126	(204,872)	21,787,069
Less: Accumulated Depreciation	<u>(8,285,979)</u>	<u>(568,286)</u>	<u>204,872</u>	<u>(8,649,393)</u>
Capital Assets, Net	<u>\$ 12,756,836</u>	<u>\$ 380,840</u>	<u>\$ -</u>	<u>\$ 13,137,676</u>

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

<u>Governmental Activities:</u>	
General government	\$ 26,190
Public safety	22,404
Transportation and public works	100,162
Community development	47,995
Culture and recreation	181,004
	<u>\$ 377,755</u>
 <u>Business-Type Activities:</u>	
Electric	\$ 269,277
Water	144,378
Waste water treatment	154,631
	<u>\$ 568,286</u>

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 5: Interfund Receivables and Payables

Individual interfund receivable and payable balances at April 30, 2022 were as follows:

Fund	Receivable	Payable
Electric Fund:		
Wastewater Treatment Fund	\$ 37,025	\$ -
Water Fund:		
Capital Development Fund	185,450	-
Wastewater Treatment Fund:		
Capital Development Fund	185,450	-
Electric Fund	-	37,025
Capital Development Fund:		
ITEP Eagle Trail Fund	2,200	-
Water Fund	-	185,450
Waste Water Treatment Fund	-	185,450
ITEP Eagle Trail Fund:		
Capital Development Fund	-	2,200
	\$ 410,125	\$ 410,125

An interfund loan was made from the Electric fund to the Wastewater Treatment fund to finance the city square water main project. An interfund loan was made from the Capital Development fund to the ITEP Eagle Trail fund to finance cash shortfalls. An interfund loan was made from the Water and Wastewater Treatment funds to the Capital Development fund to finance the acquisition of real estate. Interfund balances are expected to be repaid as cash balances allow, but may not be repaid within one year.

Note 6: Long-Term Debt

Governmental Funds:

Bond Obligations

The City has outstanding General Obligation (Revenue Sharing Receipts Alternate Revenue Source) Series 2016 Bonds in the original amount of \$1,485,000. The Series 2016 bonds refunded \$1,340,000 of future principal payments on General Obligation Series 2008 bonds. Pursuant to the Local Government Debt Reform Act, the bonds are general obligations of the City, for which its full faith and credit has been irrevocably pledged. The bonds are payable from ad valorem taxes levied upon all the taxable property in the City without limitation as to rate or amount, all except as limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws relating to the enforcement of creditors' rights and subject to the exercise of judicial discretion. For the year ended April 30, 2022, the levy for such taxes was abated. The City also abated the levy for such taxes in all previous years.

The Series 2016 Bonds are dated February 17, 2016, with interest ranging from 1.8% to 3.1%, payable on May 1 and November 1 of each year. The bonds are issued in \$5,000 multiples.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 6: Long-Term Debt (Continued)

Advanced Refunding

On February 17, 2016, the City issued \$1,485,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$1,340,000 of the Series 2008 general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$101,814. This amount is reflected as a deferred outflow and is being amortized over the remaining life of the refunded debt which is the same life as the new debt issued. This advanced refunding was undertaken to reduce total debt service payments over the life of the bonds.

The advanced refunding resulted in a reduction of cash flow, over the life of the bonds, of \$70,045 and an economic gain of \$56,454.

The ordinance establishing the Bonds contains provisions, pursuant to Illinois Statute, which requires the City to maintain pledged revenues above 1.25 of the annual debt service on all outstanding revenue bonds and other contractual or tort liability obligations. For the fiscal year ended April 30, 2022, the City was in compliance with this covenant.

The ordinance further requires the City to fund a separate, restricted reserve account as follows:

Junior Debt Service Account - an amount funded monthly to cover a fractional amount of the next interest payment, and a fractional amount of the next principal payment due at the paying date. The funded amount is used to pay the principal and interest on bonds. The reserved balance as of April 30, 2022 was \$65,000.

The following is a summary of the City's change in long-term debt transactions for governmental funds for the year ended April 30, 2022:

	<u>Payable at May 1, 2021</u>	<u>Additions/ Accretion</u>	<u>Retired</u>	<u>Payable at April 30, 2022</u>	<u>Unamortized Bond Premium</u>	<u>Net Carrying Amount at April 30, 2022</u>
Advance Refunding Bonds - Series 2016	\$ 970,000	\$ -	\$ (130,000)	\$ 840,000	\$ 708	\$ 840,708

The following is a maturity schedule of the bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 130,000	\$ 12,008	\$ 142,008
2024	135,000	20,635	155,635
2025	135,000	17,125	152,125
2026	145,000	13,278	158,278
2027	145,000	9,145	154,145
2028	150,000	4,650	154,650
	<u>\$ 840,000</u>	<u>\$ 76,840</u>	<u>\$ 916,840</u>

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 6: Long-Term Debt (Continued)

Governmental Funds (Continued):

Advanced Refunding (Continued)

Total interest related to the bonds incurred and expensed for the year ended April 30, 2022 was \$25,445.

Enterprise Funds:

Peoples State Bank Loan

On August 19, 2014, the City obtained a loan from Peoples State Bank in the amount of \$1,798,951. Monthly payments under the loan of \$9,789 were due beginning September 17, 2014. The loan has an interest rate of 2.79% and matures on October 17, 2022, at which time a balloon payment of \$1,192,400 is due. This loan was refinanced on November 17, 2020.

On November 17, 2020, the City obtained a loan from Peoples State Bank in the amount of \$1,347,316 to refinance the outstanding principal of an existing loan. Monthly payments under the loan of \$9,609 were due beginning December 17, 2020. The loan has an interest rate of 2.50% and matures on November 17, 2030, at which time a balloon payment of approximately \$430,702 is due.

The following is a summary of the City's change in long-term debt for enterprise funds for the year ended April 30, 2022:

	Payable at May 1, 2021	Additions	Reductions	Payable at April 30, 2022
Peoples State Bank	\$ 1,313,245	\$ -	\$ (83,526)	\$ 1,229,719
	\$ 1,313,245	\$ -	\$ (83,526)	\$ 1,229,719

Presented below is a summary of debt service requirements to maturity by years for the Peoples State Bank loan:

Fiscal Year	Principal	Interest	Total
2023	\$ 85,544	\$ 29,768	\$ 115,312
2024	87,634	27,678	115,312
2025	89,923	25,389	115,312
2026	92,197	23,115	115,312
2027	94,529	20,783	115,312
2028-2031	779,892	54,404	834,296
	\$ 1,229,719	\$ 181,137	\$ 1,410,856

Total interest related to the loans incurred and expensed for the year ended April 30, 2022 was \$31,786.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 7: Fund Equity

During the fiscal year ended April 30, 2022, the City had the following nonspendable, restricted, committed, and assigned governmental fund balances:

a. Nonspendable

The City has classified \$90,620 in the TIF fund as a nonspendable fund balance in the form of inventory.

b. Restricted

The following fund's cumulative revenue over expenditures have been restricted in accordance with Illinois Compiled Statutes, with the exception of the General fund, whose balances are restricted by grants and contributions as follows:

Purpose	Amount
General Fund:	
DUI and Drug Equipment	\$ 39,194
TIF Fund	795,583
Tort & Liability Insurance Fund	506,950
Social Security Fund	228,736
IMRF Fund	235,172
Emergency Management Fund	18,836
Motor Fuel Tax Fund	285,080
Workmen's Compensation Fund	166,615
	\$ 2,276,166

The City has also restricted \$65,000 in the General fund as required by bond covenants.

c. Committed

The City's cumulative revenue for the following purposes exceeded expenditures disbursed resulting in the following committed balances:

Fund	Amount
General - Sidewalk replacement	\$ 6,153
General - Police safety	867
General - Firing range repairs	4,079
General - Police vehicle	12,963
	\$ 24,062

d. Assigned

The City reported the following assigned balance in the General fund:

Purpose	Amount
Aquatic Facility Debt Payments	\$ 242,430

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 7: Fund Equity (Continued)

e. Deficit

The City reported a deficit unassigned fund balance in the following special revenue funds:

Fund	Amount
Capital Development	\$ 159,840
Eagle Trails ITEP	2,200
	\$ 162,040

Note 8: Interfund Transfers

For the year ended April 30, 2022, the following interfund transfers were made:

Fund	Interfund Transfer In	Interfund Transfer Out
General Fund:		
Electric Fund	\$ 118,953	\$ -
Water Fund	27,687	-
Wastewater Treatment Fund	27,163	-
Capital Development Fund:		
Electric Fund	89,214	-
Electric Fund:		
General Fund	-	118,953
Capital Development Fund	-	89,214
Health Insurance Fund	-	17,059
Water Fund:		
General Fund	-	27,687
Health Insurance Fund	-	4,035
Wastewater Treatment Fund:		
General Fund	-	27,163
Health Insurance Fund	-	3,951
Health Insurance Fund:		
Electric Fund	17,059	-
Water Fund	4,035	-
Wastewater Treatment Fund	3,951	-
	\$ 288,062	\$ 288,062

The transfers between the Electric fund and the Capital Development fund were made pursuant to an ordinance passed by the City Council establishing a capital development fund. The transfers between the Electric fund, Water fund, Wastewater Treatment fund, General fund and Health Insurance fund were made pursuant to a resolution passed by the City Council.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 9: Defined Benefit Pension Plan

Illinois Municipal Retirement Plan

Plan Description

The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org.

Funding Policy

As set by statute, the City's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual contribution rate for calendar year 2021 was 11.68 percent. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

For the calendar year ending December 31, 2021, the City's required contributions for pension cost for the plan were \$167,314. The covered payroll for the calendar year 2021 (annual payroll of active employees covered by the plan) was \$1,432,485.

Note 10: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other governments to form the Illinois Municipal Risk League, a public entity risk pool currently operating as a common risk management and insurance program for Illinois municipalities. The City pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the Illinois Municipal Risk League provides that the pool will be self-sustaining through member premiums. There have been no significant changes to coverage from the prior year and settlements have not exceeded coverage in the current year or the preceding two years.

Note 11: Commitments and Contingencies

Self-Insured Health Plan

The City has purchased a reinsurance policy which is part of its self-insured health plan. Once the City has paid health costs in excess of \$20,000 on any one employee per year, the City is reimbursed by the policy for the excess cost.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 11: Commitments and Contingencies (Continued)

Insurance Coverage

The City's insurance coverage does not adequately cover all the property of the Electric fund. The underinsured property consists of the electric poles and lines. As a result, the City has set aside money in a money market account and certificate of deposit that would be available if significant damage was incurred to the electric poles and lines.

Commitments

As of April 30, 2022, the City has approved the following contracts for the purchase of goods or services. As of April 30, 2022, the City was committed in the following amounts for these contracts:

Description	Amount
Right of way acquisition	\$ 30,000
2 Hand held meter reading devices	16,880
MC4 mobile unit	15,745
Water well #10 acquisition	245,850
DR 3900 lab VIS spectrophotometer	6,326
Ochs Avenue soil cement project	12,000
	\$ 326,801

The City has also entered into multiple lease agreements for the use of equipment. During the year ended April 30, 2022, rent expense was charged to the following funds:

Fund	Amount
General Fund	\$ 12,393
Electric Fund	6,928
Water Fund	3,565
Wastewater Treatment	9,029
	\$ 31,915

The City's future minimum lease payments under existing lease agreements are as follows:

Fiscal Year	Amount
2023	\$ 18,058
2024	24,986
2025	18,058
	\$ 61,102

City of Newton, Illinois
Notes to Financial Statements
April 30, 2022
(Continued)

Note 12: Post-Employment Health Care Benefits

COBRA Benefits – Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium and, if applicable, a 2% administration fee, is paid in full by the insured each month. This program is offered for a duration of 18 months after termination date, and is subject to extension. There is no associated cost to the City under this program.

In addition to COBRA Benefits, in accordance with rules established through participation in the Illinois Municipal Retirement Fund, the City offers health insurance coverage to retirees. The cost for retirees to purchase coverage is the same premium equivalent cost as active employees.

Note 13: Property Taxes

The City's property tax is levied each year on all taxable real estate located in the City. The local taxing authority for the City of Newton is Jasper County. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in December and are payable in two installments between August and September of the subsequent year. Property taxes are billed and collected by Jasper County, Illinois, which in turn, remits them to the City. Payments are typically made during the period August through November. The 2020 tax year levy, received during fiscal year 2022, was adopted by the City Council on December 1, 2020.

Note 14: Tax Abatements

The City currently has one tax increment financing district. Within this district, the City has entered into a redevelopment agreement with developers whereby the City will reimburse a certain percentage of property taxes generated by the property in the tax increment financing district and received by the City up to the lesser of either a set cumulative dollar amount or the total of all eligible redevelopment project costs. For the fiscal year ended April 30, 2022, the City abated property taxes totaling \$56,570.

Note 15: Subsequent Events

On May 3, 2022, the City approved a \$35,000 contract with Hacker Well & Pump for Well #5 and #6 cleaning services.

On May 17, 2022, the City approved a \$14,265 contract with Barlow Lock & Security for Police Department Camera Systems.

On July 5, 2022, the City approved a \$200,535 contract with Grunloh Building for a new Sludge Storage Building.



INDEPENDENT AUDITOR'S 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*

To the City Council
City of Newton, Illinois

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, each major fund, and the aggregate remaining fund information of the City of Newton, Illinois, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Newton, Illinois' basic financial statements and have issued our report thereon dated August 26, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Newton, Illinois' 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 of Newton, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Newton, Illinois' 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 been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Newton, Illinois' 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*.

City of Newton, Illinois' Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Newton, Illinois' responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Newton, Illinois' responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

August 26, 2022

City of Newton, Illinois
Schedule of Findings and Responses
April 30, 2022

FINDING 2022-001 Ability to Prepare Financial Statement Footnotes

Criteria: The City should have at least one employee who is trained in preparing the footnotes to the financial statements.

Condition: The City currently does not have an employee with the necessary technical expertise to draft the footnotes to the financial statements in accordance with the modified cash basis of accounting.

Cause: City employees have not received the proper training in preparing the footnotes to the financial statements in accordance with the modified cash basis of accounting.

Effect: The City cannot prepare the footnotes to the financial statements in accordance with the modified cash basis of accounting.

Recommendation: The City should provide the necessary training to personnel or contract with an independent contractor with the knowledge to properly prepare the footnotes to the financial statements in accordance with the modified cash basis of accounting.

Management's Response: The City plans to continue to utilize an independent contractor for the preparation of the footnotes to the financial statements. The City will continue to review and approve the footnotes to the financial statements.

FINDING 2022-002 Lack of Segregation of Duties – Public Utilities

Criteria: A basic premise of internal control is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition: We noted a lack of segregation of duties exists with respect to the billing, adjusting of customer accounts, and accepting and processing of payments in the utilities department.

Cause: The City does not have the resources to hire additional staff to adequately segregate duties.

Effect: Because all duties are performed by the same individuals, the City is at risk for misstatements to occur and not be prevented or detected in the processing of transactions.

Recommendation: We recommend that duties among City Council members and employees be segregated to the extent possible.

Management's Response: The City acknowledges this is a problem and has implemented mitigating controls to the extent practicable.

FINDING 2022-003 Lack of Segregation of Duties – Cash Receipts

Criteria: A basic premise of internal control is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition: We noted a lack of segregation of duties exists with respect to collecting cash receipts, recording of transactions and custody of assets.

Cause: The City does not have the resources to hire additional staff to adequately segregate duties.

Effect: Because all duties are performed by the same individuals, the City is at risk for misstatements to occur and not be prevented or detected in the processing of transactions.

Recommendation: We recommend that duties among City Council members and employees be segregated to the extent possible.

Management's Response: The City acknowledges this is a problem and has implemented mitigating controls to the extent practicable.

CITY OF NEWTON, ILLINOIS
Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds
April 30, 2022

	<u>Social Security</u>	<u>IMRF</u>	<u>Emergency Management</u>	<u>Motor Fuel Tax</u>	<u>Workmen's Compensation</u>	<u>ITEP Eagle Trail</u>	<u>CDAP Housing</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS								
Cash and cash equivalents	\$ 228,736	\$ 235,172	\$ 18,836	\$ 285,080	\$ 166,615	\$ -	\$ -	\$ 934,439
Total assets	<u>\$ 228,736</u>	<u>\$ 235,172</u>	<u>\$ 18,836</u>	<u>\$ 285,080</u>	<u>\$ 166,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 934,439</u>
LIABILITIES & FUND BALANCES								
Liabilities:								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,200	\$ -	\$ 2,200
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,200</u>	<u>-</u>	<u>2,200</u>
Fund balances:								
Restricted:								
Other purposes	228,736	235,172	18,836	285,080	166,615	-	-	934,439
Unassigned	-	-	-	-	-	(2,200)	-	(2,200)
Total fund balances	<u>228,736</u>	<u>235,172</u>	<u>18,836</u>	<u>285,080</u>	<u>166,615</u>	<u>(2,200)</u>	<u>-</u>	<u>932,239</u>
Total liabilities and fund balances	<u>\$ 228,736</u>	<u>\$ 235,172</u>	<u>\$ 18,836</u>	<u>\$ 285,080</u>	<u>\$ 166,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 934,439</u>

CITY OF NEWTON, ILLINOIS
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances - Modified Cash Basis
Nonmajor Governmental Funds
For the Year Ended April 30, 2022

	<u>Social Security</u>	<u>IMRF</u>	<u>Emergency Management</u>	<u>Motor Fuel Tax</u>	<u>Workmen's Compensation</u>	<u>ITEP Eagle Trail</u>	<u>CDAP Housing</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES								
Property taxes	\$ 149,630	\$ 199,509	\$ 710	\$ -	\$ 9,976	\$ -	\$ -	\$ 359,825
Operating grants and contributions	-	-	-	113,400	-	-	38,730	152,130
Capital grants and contributions	-	-	-	62,587	-	13,675	-	76,262
Interest and investment earnings	905	925	138	951	708	-	-	3,627
Miscellaneous	15	-	-	-	-	-	-	15
Total revenues	<u>150,550</u>	<u>200,434</u>	<u>848</u>	<u>176,938</u>	<u>10,684</u>	<u>13,675</u>	<u>38,730</u>	<u>591,859</u>
EXPENDITURES								
Current:								
General government	55,700	78,207	-	-	9,704	-	-	143,611
Public safety	36,840	50,915	5,850	-	13,910	-	-	107,515
Transportation and public works	9,921	14,809	-	100,374	5,499	-	-	130,603
Community development	1,614	1,591	-	-	-	-	38,730	41,935
Culture and recreation	13,717	11,245	-	-	3,235	-	-	28,197
Capital outlay	-	-	-	-	-	10,201	-	10,201
Total expenditures	<u>117,792</u>	<u>156,767</u>	<u>5,850</u>	<u>100,374</u>	<u>32,348</u>	<u>10,201</u>	<u>38,730</u>	<u>462,062</u>
Net change in fund balances	32,758	43,667	(5,002)	76,564	(21,664)	3,474	-	129,797
Fund balances - beginning	195,978	191,505	23,838	208,516	188,279	(5,674)	-	802,442
Fund balances - ending	<u>\$ 228,736</u>	<u>\$ 235,172</u>	<u>\$ 18,836</u>	<u>\$ 285,080</u>	<u>\$ 166,615</u>	<u>\$ (2,200)</u>	<u>\$ -</u>	<u>\$ 932,239</u>

CITY OF NEWTON, ILLINOIS
Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended April 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Over (Under)</u>
REVENUES				
Property taxes	\$ 89,970	\$ 89,970	\$ 90,558	\$ 588
Intergovernmental:				
Sales tax	885,000	885,000	982,253	97,253
Income tax	322,000	322,000	405,679	83,679
Cannabis use tax	2,100	2,100	4,416	2,316
Replacement tax	45,000	45,000	115,512	70,512
Pull-tab and gaming tax	29,300	29,300	57,620	28,320
Township road and bridge	69,800	69,800	70,345	545
Licenses and permits	36,800	36,800	31,179	(5,621)
Fees and fines	33,660	33,660	31,882	(1,778)
Charges for services	126,455	126,455	93,115	(33,340)
Revenue from the use of property and equipment	-	-	345	345
Operating grants and contributions	4,550	4,550	2,801	(1,749)
Capital grants and contributions	-	-	25,000	25,000
Interest and investment earnings	4,512	4,512	5,804	1,292
Miscellaneous	2,550	2,550	6,482	3,932
Total revenues	<u>1,651,697</u>	<u>1,651,697</u>	<u>1,922,991</u>	<u>271,294</u>
EXPENDITURES				
Current:				
General government	225,627	225,627	247,330	21,703
Public safety	823,565	823,565	823,988	423
Transportation and public works	230,455	230,455	219,106	(11,349)
Social services	36,075	36,075	26,640	(9,435)
Community development	57,640	57,640	14,859	(42,781)
Culture and recreation	270,585	270,585	267,357	(3,228)
Debt service:				
Principal	130,000	130,000	130,000	-
Interest	25,445	25,445	25,445	-
Capital outlay	22,025	22,025	119,631	97,606
Total expenditures	<u>1,821,417</u>	<u>1,821,417</u>	<u>1,874,356</u>	<u>52,939</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(169,720)</u>	<u>(169,720)</u>	<u>48,635</u>	<u>218,355</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	200	200
Operating transfers in	169,720	169,720	173,803	4,083
Total other financing sources (uses)	<u>169,720</u>	<u>169,720</u>	<u>174,003</u>	<u>4,283</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	222,638	<u>\$ 222,638</u>
Fund balance - beginning			968,744	
Fund balance - ending			<u>\$ 1,191,382</u>	

CITY OF NEWTON, ILLINOIS
Budgetary Comparison Schedule - Modified Cash Basis
TIF Fund
For the Year Ended April 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Over (Under)</u>
REVENUES				
Property taxes	\$ 430,000	\$ 430,000	\$ 498,254	\$ 68,254
Charges for services	-	-	10,257	10,257
Interest and investment earnings	2,000	2,000	2,622	622
Total revenues	<u>432,000</u>	<u>432,000</u>	<u>511,133</u>	<u>79,133</u>
EXPENDITURES				
Current:				
Community development	388,711	388,711	134,611	(254,100)
Debt service:				
Principal	39,189	39,189	-	(39,189)
Interest	4,100	4,100	-	(4,100)
Total expenditures	<u>432,000</u>	<u>432,000</u>	<u>134,611</u>	<u>(297,389)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	376,522	<u>\$ 376,522</u>
Fund balance - beginning			<u>509,681</u>	
Fund balance - ending			<u>\$ 886,203</u>	

CITY OF NEWTON, ILLINOIS
Budgetary Comparison Schedule - Modified Cash Basis
Tort & Liability Insurance Fund
For the Year Ended April 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Property taxes	\$ 240,000	\$ 240,000	\$ 241,784	\$ 1,784
Interest and investment earnings	2,500	2,500	2,397	(103)
Total revenues	<u>242,500</u>	<u>242,500</u>	<u>244,181</u>	<u>1,681</u>
EXPENDITURES				
Current:				
General government	242,500	242,500	242,103	(397)
Public safety	-	-	85,099	85,099
Transportation and public works	-	-	43,764	43,764
Community development	-	-	3,560	3,560
Culture and recreation	-	-	23,540	23,540
Total expenditures	<u>242,500</u>	<u>242,500</u>	<u>398,066</u>	<u>155,566</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(153,885)	<u>\$ (153,885)</u>
Fund balance - beginning			<u>660,835</u>	
Fund balance - ending			<u>\$ 506,950</u>	

CITY OF NEWTON, ILLINOIS
Budgetary Comparison Schedule - Modified Cash Basis
Capital Development Fund
For the Year Ended April 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Over (Under)
REVENUES				
Revenue from the use of property and equipment	\$ 7,500	\$ 7,500	\$ 17,715	\$ 10,215
Interest and investment earnings	1,000	1,000	808	(192)
Miscellaneous	-	-	902	902
Total revenues	<u>8,500</u>	<u>8,500</u>	<u>19,425</u>	<u>10,925</u>
EXPENDITURES				
Current:				
Community development	50,950	50,950	16,294	(34,656)
Debt Service:				
Principal	39,189	39,189	-	(39,189)
Interest	4,100	4,100	4,101	1
Capital outlay	151	151	9,289	9,138
Total expenditures	<u>94,390</u>	<u>94,390</u>	<u>29,684</u>	<u>(64,706)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(85,890)</u>	<u>(85,890)</u>	<u>(10,259)</u>	<u>75,631</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	85,890	85,890	89,214	3,324
Total other financing sources (uses)	<u>85,890</u>	<u>85,890</u>	<u>89,214</u>	<u>3,324</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	78,955	<u>\$ 78,955</u>
Fund balance - beginning			(238,795)	
Fund balance - ending			<u>\$ (159,840)</u>	

City of Newton, Illinois
Notes to Other Information
April 30, 2022

Note 1: Budgets, Appropriation Ordinance, and Budgetary Accounting

The City adopts its budget in accordance with the basis of accounting utilized by that fund. Annual budgets are adopted for general, special revenue, and proprietary funds. All annual appropriations lapse at fiscal year end. The City follows these procedures in establishing the appropriations and budgetary data reflected in the financial statements.

1. Prior to adoption, the City prepares and submits to the City Council a proposed operating budget and appropriations for the fiscal year commencing May 1st. The operating budget and appropriations include both proposed expenditures and the means of financing them.
2. Public hearings are conducted at an advertised location to obtain taxpayer comments.
3. Prior to July 31, the budget and appropriations are legally enacted through passage of an ordinance.
4. No further appropriations can be made during the fiscal year once the ordinance has been legally adopted, except:
 - a. Transfers from one appropriation of any fund to another appropriation of the same fund may be made by 2/3 vote of the City Council.
 - b. Any revisions which alter the total expenditures of any fund may be approved by the City Council in the same manner as the original appropriation if new or additional revenues were not available when the initial appropriation was made.
5. The appropriation ordinance lapses at the end of the fiscal year.
6. Expenditures may not legally exceed appropriated amounts for an individual fund.
7. The budget and annual appropriation ordinance was adopted on April 28, 2021 and July 20, 2021, respectively.
8. Budget amounts reflected in the financial statements are the amounts as originally adopted on April 28, 2021.

Note 2: Individual Fund Disclosures

No funds had an excess of expenditures over appropriations for the year ended April 30, 2022.

Note 3: Encumbrances

Encumbrance accounting is not used by the City.