

CITY OF NEWTON, ILLINOIS
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
APRIL 30, 2025

CITY OF NEWTON, ILLINOIS
Financial Statements and Supplementary Information
April 30, 2025

Table of Contents

	<u>Page</u>
Introductory Section:	
Title Page	
Table of Contents	
Financial Section:	
Independent Auditor's Report	1-3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	4
Statement of Activities – Modified Cash Basis	5
Fund Financial Statements:	
Balance Sheet – Modified Cash Basis – Governmental Funds	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Modified Cash Basis	8
Statement of Net Position – Modified Cash Basis – Proprietary Funds	9
Statement of Revenues, Expenses, and Changes in Net Position – Modified Cash Basis – Proprietary Funds	10
Statement of Cash Flows – Modified Cash Basis – Proprietary Funds	11
Notes to Financial Statements	12-33
Federal Compliance Section:	
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 <i>Government Auditing Standards</i>	34-35
Schedule of Findings and Responses	36

CITY OF NEWTON, ILLINOIS
Financial Statements and Supplementary Information
April 30, 2025

Table of Contents
(Continued)

	<u>Page</u>
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Modified Cash Basis	37
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis	38
Other Information:	
Budgetary Comparison Schedules – Modified Cash Basis:	
General Fund	39
TIF Fund	40
Tort & Liability Insurance Fund	41
Capital Development Fund	42
Notes to Other Information	43



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, 2025, 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, 2025, 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 accompanying 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 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 18, 2025, 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 18, 2025

CITY OF NEWTON, ILLINOIS
Statement of Net Position - Modified Cash Basis
April 30, 2025

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,332,572	\$ 5,985,447	\$ 10,318,019
Restricted cash and cash equivalents	264,030	381,129	645,159
Inventory	53,111	-	53,111
Internal balances	(562,346)	562,346	-
Capital assets, net of accumulated depreciation	5,802,468	14,136,030	19,938,498
Total assets	<u>9,889,835</u>	<u>21,064,952</u>	<u>30,954,787</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	<u>16,969</u>	<u>-</u>	<u>16,969</u>
Total assets and deferred outflows of resources	<u>\$ 9,906,804</u>	<u>\$ 21,064,952</u>	<u>\$ 30,971,756</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Customer deposits	\$ -	\$ 381,129	\$ 381,129
Payroll withholding payable	9,131	-	9,131
Sales tax payable	-	151	151
Due within one year:			
Notes payable	-	215,705	215,705
Bonds payable	145,000	-	145,000
Due in more than one year:			
Notes payable	-	1,330,424	1,330,424
Bonds payable	295,269	-	295,269
Total liabilities	<u>449,400</u>	<u>1,927,409</u>	<u>2,376,809</u>
Net position:			
Net investment in capital assets	5,379,168	12,589,901	17,969,069
Restricted for:			
Other purposes	2,663,679	-	2,663,679
Unrestricted	1,414,557	6,547,642	7,962,199
Total net position	<u>9,457,404</u>	<u>19,137,543</u>	<u>28,594,947</u>
Total liabilities and net position	<u>\$ 9,906,804</u>	<u>\$ 21,064,952</u>	<u>\$ 30,971,756</u>

CITY OF NEWTON, ILLINOIS
Statement of Activities - Modified Cash Basis
For the Year Ended April 30, 2025

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		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 653,671	\$ 39,429	\$ -	\$ -	\$ (614,242)	\$ -	\$ (614,242)
Public safety	1,063,537	19,473	3,819	-	(1,040,245)	-	(1,040,245)
Transportation and public works	589,586	1,437	125,467	-	(462,682)	-	(462,682)
Social services	27,894	2,300	-	-	(25,594)	-	(25,594)
Community development	259,059	31,112	-	186,588	(41,359)	-	(41,359)
Culture and recreation	632,438	74,334	12,622	-	(545,482)	-	(545,482)
Interest on long-term debt	25,867	-	-	-	(25,867)	-	(25,867)
Total governmental activities	<u>3,252,052</u>	<u>168,085</u>	<u>141,908</u>	<u>186,588</u>	<u>(2,755,471)</u>	<u>-</u>	<u>(2,755,471)</u>
Business-type activities:							
Electric	3,104,779	3,688,465	-	-	-	583,686	583,686
Water	630,615	774,528	-	19,818	-	163,731	163,731
Wastewater treatment	634,050	704,419	-	-	-	70,369	70,369
Total business-type activities	<u>4,369,444</u>	<u>5,167,412</u>	<u>-</u>	<u>19,818</u>	<u>-</u>	<u>817,786</u>	<u>817,786</u>
Total primary government	<u>\$ 7,621,496</u>	<u>\$ 5,335,497</u>	<u>\$ 141,908</u>	<u>\$ 206,406</u>	<u>(2,755,471)</u>	<u>817,786</u>	<u>(1,937,685)</u>
General revenues:							
Taxes:							
Property taxes					1,406,673	-	1,406,673
Intergovernmental revenue:							
Sales tax					831,163	-	831,163
Income tax					482,655	-	482,655
Cannibis use tax					4,364	-	4,364
Replacement tax					67,228	-	67,228
Pull-tab and gaming tax					78,028	-	78,028
Township road and bridge					75,426	-	75,426
Interest and investment earnings					102,142	196,060	298,202
Miscellaneous					9,113	-	9,113
Gain on sale of capital assets					3,002	-	3,002
Transfers					303,759	(303,759)	-
Total general revenues, gains, and transfers					<u>3,363,553</u>	<u>(107,699)</u>	<u>3,255,854</u>
Change in net position					608,082	710,087	1,318,169
Net position - beginning					8,849,322	18,427,456	27,276,778
Net position - ending					<u>\$ 9,457,404</u>	<u>\$ 19,137,543</u>	<u>\$ 28,594,947</u>

CITY OF NEWTON, ILLINOIS
Balance Sheet - Modified Cash Basis
Governmental Funds
April 30, 2025

	General	TIF	Tort & Liability Insurance	Capital Development	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,249,526	\$ 1,314,619	\$ 465,236	\$ 200,229	\$ 615,086	\$ 3,844,696
Restricted cash and cash equivalents	149,672	-	-	114,358	-	264,030
Inventory	-	53,111	-	-	-	53,111
Due from other funds	1,651	-	166	-	4,542	6,359
Total assets	<u>\$ 1,400,849</u>	<u>\$ 1,367,730</u>	<u>\$ 465,402</u>	<u>\$ 314,587</u>	<u>\$ 619,628</u>	<u>\$ 4,168,196</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ 91,612	\$ -	\$ -	\$ 250,938	\$ -	\$ 342,550
Payroll withholdings payable	9,131	-	-	-	-	9,131
Total liabilities	<u>100,743</u>	<u>-</u>	<u>-</u>	<u>250,938</u>	<u>-</u>	<u>351,681</u>
Fund balances:						
Nonspendable	-	53,111	-	-	-	53,111
Restricted	149,672	1,314,619	465,402	114,358	619,628	2,663,679
Committed	62,900	-	-	-	-	62,900
Assigned	361,119	-	-	-	-	361,119
Unassigned	726,415	-	-	(50,709)	-	675,706
Total fund balances	<u>1,300,106</u>	<u>1,367,730</u>	<u>465,402</u>	<u>63,649</u>	<u>619,628</u>	<u>3,816,515</u>
Total liabilities and fund balances	<u>\$ 1,400,849</u>	<u>\$ 1,367,730</u>	<u>\$ 465,402</u>	<u>\$ 314,587</u>	<u>\$ 619,628</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.

5,802,468

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.

261,721

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.

(423,300)

Net position of governmental activities

\$ 9,457,404

CITY OF NEWTON, ILLINOIS
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended April 30, 2025

	General	TIF	Tort & Liability Insurance	Capital Development	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 99,888	\$ 700,294	\$ 550,914	\$ -	\$ 55,577	\$ 1,406,673
Intergovernmental:						
Sales tax	831,163	-	-	-	-	831,163
Income tax	482,655	-	-	-	-	482,655
Cannabis use tax	4,364	-	-	-	-	4,364
Replacement tax	67,228	-	-	-	-	67,228
Pull-tab and gaming tax	78,028	-	-	-	-	78,028
Township road and bridge	75,426	-	-	-	-	75,426
Licenses and permits	19,951	-	-	-	-	19,951
Fees and fines	26,421	-	-	-	-	26,421
Charges for services	90,601	5,000	-	-	-	95,601
Revenue from the use of property and equipment	-	-	-	26,112	-	26,112
Operating grants and contributions	16,441	-	-	-	125,467	141,908
Capital grants and contributions	-	-	-	186,588	-	186,588
Interest and investment earnings	36,783	27,706	9,650	4,750	14,029	92,918
Miscellaneous	9,113	-	-	-	-	9,113
Total revenues	<u>1,838,062</u>	<u>733,000</u>	<u>560,564</u>	<u>217,450</u>	<u>195,073</u>	<u>3,544,149</u>
EXPENDITURES						
Current:						
General government	248,121	-	268,685	-	110,956	627,762
Public safety	848,622	-	96,592	-	95,358	1,040,572
Transportation and public works	266,566	-	43,408	-	165,053	475,027
Social services	27,894	-	-	-	-	27,894
Community development	-	129,659	-	87,189	-	216,848
Culture and recreation	359,084	-	43,892	-	27,681	430,657
Debt service:						
Principal	135,000	-	-	-	-	135,000
Interest	13,845	-	-	2,913	-	16,758
Capital outlay	341,813	880,251	-	70,980	131,272	1,424,316
Total expenditures	<u>2,240,945</u>	<u>1,009,910</u>	<u>452,577</u>	<u>161,082</u>	<u>530,320</u>	<u>4,394,834</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(402,883)</u>	<u>(276,910)</u>	<u>107,987</u>	<u>56,368</u>	<u>(335,247)</u>	<u>(850,685)</u>
OTHER FINANCING SOURCES						
Proceeds from sale of capital assets	3,002	-	-	-	-	3,002
Operating transfers in	198,019	-	-	105,740	-	303,759
Total other financing sources	<u>201,021</u>	<u>-</u>	<u>-</u>	<u>105,740</u>	<u>-</u>	<u>306,761</u>
Net change in fund balances	(201,862)	(276,910)	107,987	162,108	(335,247)	(543,924)
Fund balances - beginning	1,501,968	1,644,640	357,415	(98,459)	954,875	4,360,439
Fund balances - ending	<u>\$ 1,300,106</u>	<u>\$ 1,367,730</u>	<u>\$ 465,402</u>	<u>\$ 63,649</u>	<u>\$ 619,628</u>	<u>\$ 3,816,515</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, 2025

Net change in fund balances - total governmental funds \$ (543,924)

Amounts reported for *governmental activities* in the statement of activities are different because:

In the statement of activities, only the *gain or loss* on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the undepreciated cost of the capital asset sold, disposed, or traded-in.

Gain on sale of capital assets	3,002	
Loss on disposal of capital assets	(23,552)	
Proceeds from sale of capital assets	<u>(3,002)</u>	(23,552)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay	1,424,316	
Depreciation	<u>(411,953)</u>	1,012,363

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	135,000	
Deferred charge on refunding amortization	(9,256)	
Bond discount amortization	<u>147</u>	125,891

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.

37,304

Change in net position of governmental activities \$ 608,082

CITY OF NEWTON, ILLINOIS
Statement of Net Position - Modified Cash Basis
Proprietary Funds
April 30, 2025

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Electric	Water	Wastewater Treatment	Totals	Health Insurance
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 3,936,786	\$ 1,112,109	\$ 936,552	\$ 5,985,447	\$ 487,876
Restricted cash and cash equivalents	381,129	-	-	381,129	-
Due from other funds	71,489	133,348	362,030	566,867	-
Total current assets	<u>4,389,404</u>	<u>1,245,457</u>	<u>1,298,582</u>	<u>6,933,443</u>	<u>487,876</u>
Noncurrent assets:					
Capital assets, net of accumulated depreciation	5,336,741	4,579,926	4,219,363	14,136,030	-
Total noncurrent assets	<u>5,336,741</u>	<u>4,579,926</u>	<u>4,219,363</u>	<u>14,136,030</u>	<u>-</u>
Total assets	<u>\$ 9,726,145</u>	<u>\$ 5,825,383</u>	<u>\$ 5,517,945</u>	<u>\$ 21,069,473</u>	<u>\$ 487,876</u>
LIABILITIES AND NET POSITION					
Liabilities:					
Current liabilities:					
Customer deposits	\$ 381,129	\$ -	\$ -	\$ 381,129	\$ -
Sales tax payable	138	13	-	151	-
Current portion of notes payable	46,373	-	169,332	215,705	-
Total current liabilities	<u>427,640</u>	<u>13</u>	<u>169,332</u>	<u>596,985</u>	<u>-</u>
Noncurrent liabilities:					
Notes payable, less current portion	75,162	-	1,255,262	1,330,424	-
Due to other funds	-	229,025	-	229,025	1,651
Total noncurrent liabilities	<u>75,162</u>	<u>229,025</u>	<u>1,255,262</u>	<u>1,559,449</u>	<u>1,651</u>
Total liabilities	<u>502,802</u>	<u>229,038</u>	<u>1,424,594</u>	<u>2,156,434</u>	<u>1,651</u>
Net position:					
Net investment in capital assets	5,215,206	4,350,901	3,023,794	12,589,901	-
Unrestricted	4,008,137	1,245,444	1,069,557	6,323,138	486,225
Total net position	<u>9,223,343</u>	<u>5,596,345</u>	<u>4,093,351</u>	<u>18,913,039</u>	<u>486,225</u>
Total liabilities and net position	<u>\$ 9,726,145</u>	<u>\$ 5,825,383</u>	<u>\$ 5,517,945</u>		<u>\$ 487,876</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				224,504	
Total net position of business-type activities				<u>\$ 19,137,543</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, 2025

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Electric	Water	Wastewater Treatment	Health Insurance
Operating revenues:				
Charges for services	\$ 3,672,418	\$ 770,296	\$ 704,015	\$ 5,146,729
Miscellaneous	16,047	4,232	404	20,683
Total operating revenues	<u>3,688,465</u>	<u>774,528</u>	<u>704,419</u>	<u>5,167,412</u>
Operating expenses:				
Personal services	341,360	207,020	198,684	747,064
Support services	8,858	7,659	4,706	21,223
Contractual services	2,144,620	21,918	29,898	2,196,436
Utilities	12,299	27,321	61,610	101,230
Repairs and maintenance	116,730	116,978	112,862	346,570
Other supplies and materials	163,455	57,130	15,444	236,029
Insurance	18,539	11,049	8,039	37,627
Depreciation	294,546	171,991	178,441	644,978
Miscellaneous	6,515	1,244	1,473	9,232
Total operating expenses	<u>3,106,922</u>	<u>622,310</u>	<u>611,157</u>	<u>4,340,389</u>
Operating income	<u>581,543</u>	<u>152,218</u>	<u>93,262</u>	<u>827,023</u>
Nonoperating revenues (expenses):				
Interest and investment revenue	142,059	26,835	27,166	196,060
Interest expense	(10,564)	(887)	(27,163)	(38,614)
Gain (loss) on sale of fixed assets	-	(3,696)	(14,246)	(17,942)
Total nonoperating revenues (expenses)	<u>131,495</u>	<u>22,252</u>	<u>(14,243)</u>	<u>139,504</u>
Income before capital grants and transfers	713,038	174,470	79,019	966,527
Capital grants	-	19,818	-	19,818
Transfers out	<u>(246,726)</u>	<u>(29,781)</u>	<u>(27,252)</u>	<u>(303,759)</u>
Change in net position	466,312	164,507	51,767	682,586
Total net position - beginning	8,757,031	5,431,838	4,041,584	421,420
Total net position - ending	<u>\$ 9,223,343</u>	<u>\$ 5,596,345</u>	<u>\$ 4,093,351</u>	<u>\$ 486,225</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				27,501
Change in net position of business-type activities				<u>\$ 710,087</u>

CITY OF NEWTON, ILLINOIS
Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
For the Year Ended April 30, 2025

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Electric	Water	Wastewater Treatment	Totals	Health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 3,663,473	\$ 770,309	\$ 704,015	\$ 5,137,797	\$ -
Receipts from interfund services provided	-	-	-	-	213,026
Payments to suppliers	(2,471,016)	(243,299)	(234,032)	(2,948,347)	(66,909)
Payments to employees	(302,344)	(186,057)	(174,226)	(662,627)	-
Payments for interfund services used	(39,016)	(20,963)	(24,458)	(84,437)	-
Payments for claims	-	-	-	-	(109,916)
Other receipts	16,047	4,232	404	20,683	19,380
Net cash provided by operating activities	867,144	324,222	271,703	1,463,069	55,581
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(246,726)	(29,781)	(27,252)	(303,759)	-
Receipts (payments) for interfund loans	(10,721)	(7,879)	(7,536)	(26,136)	1,651
Net cash provided (used) by noncapital financing activities	(257,447)	(37,660)	(34,788)	(329,895)	1,651
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(444,753)	(447,851)	(376,977)	(1,269,581)	-
Proceeds from sale of capital assets	-	-	40,000	40,000	-
Capital grants and contributions	-	19,818	-	19,818	-
Proceeds from notes payable	168,598	-	535,086	703,684	-
Receipts (payments) for interfund loans	(60,768)	236,280	(195,894)	(20,382)	-
Principal paid on notes	(47,063)	-	(192,835)	(239,898)	-
Interest paid on notes/interfund loans	(10,564)	(887)	(27,163)	(38,614)	-
Net cash provided (used) by capital and related financing activities	(394,550)	(192,640)	(217,783)	(804,973)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and investment	142,059	26,835	27,166	196,060	9,224
Net cash provided by investing activities	142,059	26,835	27,166	196,060	9,224
Net increase in cash and cash equivalents	357,206	120,757	46,298	524,261	66,456
Cash and cash equivalents - beginning of year	3,960,709	991,352	890,254	5,842,315	421,420
Cash and cash equivalents - end of year	\$ 4,317,915	\$ 1,112,109	\$ 936,552	\$ 6,366,576	\$ 487,876
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 581,543	\$ 152,218	\$ 93,262	\$ 827,023	\$ 55,581
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	294,546	171,991	178,441	644,978	-
Change in liabilities:					
Customer deposits	(9,083)	-	-	(9,083)	-
Sales tax payable	138	13	-	151	-
Net cash provided by operating activities	\$ 867,144	\$ 324,222	\$ 271,703	\$ 1,463,069	\$ 55,581
Reconciliation of cash on statement of net position to cash balance at year end:					
Cash and cash equivalents	\$ 3,936,786	\$ 1,112,109	\$ 936,552	\$ 5,985,447	\$ 487,876
Restricted cash and cash equivalents	381,129	-	-	381,129	-
Cash and cash equivalents - end of year	\$ 4,317,915	\$ 1,112,109	\$ 936,552	\$ 6,366,576	\$ 487,876

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025

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, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Basis of Presentation (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 the 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, 2025
(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, 2025
(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. Fund balance is reported as nonspendable for these amounts because they are not legally appropriable for expenditure.

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, 2025
(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, 2025, the City's liability for unused sick time is estimated to be \$130,880 for governmental activities and \$85,598 for business-type activities.

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 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, 2025
(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: Nonspendable 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.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

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 or expenses during the reporting period. Actual results could differ from those estimates.

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 General and Capital Development funds also maintain restricted cash accounts for unspent contributions, grants, and restricted fees and fines per Illinois Compiled Statutes.

At April 30, 2025, the City maintained restricted cash as follows:

<u>Business-Type Activities</u>	
	<u>Amount</u>
Electric Fund:	
For repayment of customer utility deposits	\$ <u>381,129</u>
 <u>Governmental Activities</u>	
	<u>Amount</u>
General Fund:	
Debt Services - Bond Covenant	\$ 87,701
ILCS Fees & Fines:	
DUI and Drug Equipment	51,213
Local Contributions:	
Christmas Lights	5,130
Police Canine Unit	5,628
Capital Development Fund:	
Local Contributions:	
Pickleball Court	90,608
State Grants:	
Energy Transition Grant - Pickleball Court	<u>23,750</u>
	<u>\$ 264,030</u>

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

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 18, 2025, the date which the financial statements were available to be issued.

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.

Cash Deposits

At April 30, 2025, the carrying amount and the bank balance of the City's cash deposits were \$10,961,778 and \$11,114,562, 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.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025
(Continued)

Note 4: Changes in Capital Assets

The following is a summary of changes in capital assets:

Governmental Activities:

	Balance May 01, 2024	Additions	Deletions	Balance April 30, 2025
Assets Not Depreciated:				
Land	\$ 1,091,550	\$ -	\$ -	\$ 1,091,550
Construction in Progress	23,552	-	(23,552)	-
Assets Depreciated:				
Buildings and Improvements	4,374,197	167,156	-	4,541,353
Equipment, Furniture, Fixtures	496,970	168,601	(8,450)	657,121
Infrastructure	3,751,571	1,088,559	-	4,840,130
Total Capital Assets	<u>9,737,840</u>	<u>1,424,316</u>	<u>(32,002)</u>	<u>11,130,154</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(2,716,827)	(172,693)	-	(2,889,520)
Equipment, Furniture, Fixtures	(142,937)	(66,392)	8,450	(200,879)
Infrastructure	(2,064,419)	(172,868)	-	(2,237,287)
Total Accumulated Depreciation	<u>(4,924,183)</u>	<u>(411,953)</u>	<u>8,450</u>	<u>(5,327,686)</u>
Capital Assets, Net	<u>\$ 4,813,657</u>	<u>\$ 1,012,363</u>	<u>\$ (23,552)</u>	<u>\$ 5,802,468</u>

Business-type Activities:

	Balance May 01, 2024	Additions	Deletions	Transfers	Balance April 30, 2025
Assets Not Depreciated:					
Land	\$ 123,572	\$ -	\$ -	\$ -	\$ 123,572
Construction in Progress	171,507	15,877	(3,696)	(42,318)	141,370
Assets Depreciated:					
Plant and Equipment	22,810,961	1,253,704	(196,420)	42,318	23,910,563
Total Capital Assets	23,106,040	1,269,581	(200,116)	-	24,175,505
Less: Accumulated Depreciation	(9,536,671)	(644,978)	142,174	-	(10,039,475)
Capital Assets, Net	<u>\$ 13,569,369</u>	<u>\$ 624,603</u>	<u>\$ (57,942)</u>	<u>\$ -</u>	<u>\$ 14,136,030</u>

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025
(Continued)

Note 4: Changes in Capital Assets (Continued)

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

<u>Governmental Activities:</u>	
General government	\$ 28,185
Public safety	37,389
Transportation and public works	110,587
Community development	42,211
Culture and recreation	193,581
	<u>\$ 411,953</u>
 <u>Business-Type Activities:</u>	
Electric	\$ 294,546
Water	171,991
Wastewater treatment	178,441
	<u>\$ 644,978</u>

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025
(Continued)

Note 5: Interfund Receivables and Payables

Individual interfund receivable and payable balances at April 30, 2025 were as follows:

Fund	Receivable	Payable
General Fund:		
Tort & Liability Insurance Fund	\$ -	\$ 166
Social Security Fund	-	4,542
Health Insurance Fund	1,651	-
Water Fund	-	7,879
Wastewater Treatment Fund	-	7,536
Electric Fund	-	71,489
Tort & Liability Insurance Fund:		
General Fund	166	-
Social Security Fund:		
General Fund	4,542	-
Health Insurance Fund:		
General Fund	-	1,651
Capital Development Fund:		
Water Fund	-	125,469
Wastewater Treatment Fund	-	125,469
Water Fund:		
General Fund	7,879	-
Capital Development Fund	125,469	-
Wastewater Treatment Fund	-	229,025
Wastewater Treatment Fund:		
General Fund	7,536	-
Capital Development Fund	125,469	-
Water Fund	229,025	-
Electric Fund:		
General Fund	71,489	-
	<u>\$ 573,226</u>	<u>\$ 573,226</u>

An interfund loan was made from the Wastewater Treatment Fund to the Water Fund to finance the acquisition of a capital asset. An interfund loan was made from the Electric Fund to General Fund to finance the acquisition of a capital asset. An interfund loan was made from the Water and Wastewater Funds to the Capital Development Fund to finance the acquisition of land to be used for future redevelopment projects. The remaining interfund balances are the result of a funds transfer on April 29, 2025, for payroll to be disbursed on May 1, 2025. Interfund balances are expected to be repaid as cash balances allow, but may not be repaid within one year.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025
(Continued)

Note 6: Long-Term Debt

Governmental Activities

Bond Obligations

The City has an 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, 2025, 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.

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, 2025, 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, 2025 was \$87,701.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025
(Continued)

Note 6: Long-Term Debt (Continued)

Governmental Activities (Continued)

The following is a summary of the City's change in long-term debt transactions for governmental funds for the year ended April 30, 2025:

	Payable at May 1, 2024	Additions/ Accretion	Retired	Payable at April 30, 2025	Unamortized Bond Premium	Net Carrying Amount at April 30, 2025
Advance Refunding						
Bonds - Series 2016	\$ 575,000	\$ -	\$ (135,000)	\$ 440,000	\$ 269	\$ 440,269

The following is a maturity schedule of the bonds:

Fiscal Year	Principal	Interest	Total
2026	\$ 145,000	\$ 21,840	\$ 166,840
2027	145,000	9,145	154,145
2028	150,000	4,650	154,650
	<u>\$ 440,000</u>	<u>\$ 35,635</u>	<u>\$ 475,635</u>

Total interest related to the bonds incurred and expensed for the year ended April 30, 2025 was \$8,562.

Business-Type Activities

Peoples State Bank Loan

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.

John Deere Financial

On January 11, 2024, the City obtained a loan from John Deere Financial in the amount of \$40,160 to finance the purchase of a compact utility tractor. Annual payments under the loan of \$14,283 were due beginning January 11, 2024. The loan has an interest rate of 6.65%, matures on January 11, 2026, and is collateralized by the compact utility trailer.

Tax-Exempt Leasing Corp.

On August 15, 2024, the City obtained a loan from Tax-Exempt Leasing Corp. in the amount of \$535,086 to finance the purchase of a Vactor 2100 combination sewer cleaner freightliner. Annual payments under the loan of \$90,403 were due beginning August 15, 2024. The loan has an interest rate of 5.990%, matures on August 15, 2030, and is collateralized by the Vactor 2100 combination sewer cleaner freightliner.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025
(Continued)

Note 6: Long-Term Debt (Continued)

Business-Type Activities (Continued)

Caterpillar Financial Services

On May 7, 2024, the City obtained a loan from Caterpillar Financial Services in the amount of \$168,598 to finance the purchase of a backhoe loader. Monthly payments under the loan of \$4,802 were due beginning June 15, 2024. The loan has an interest rate of 6.99% and matures on June 15, 2026, at which time a balloon payment of approximately \$71,209 is due. The loan is collateralized by the backhoe loader.

The following is a summary of the City's long-term debt transactions for the year ended April 30, 2025:

	Payable at May 1, 2024	Additions	Reductions	Payable at April 30, 2025	Due Within One Year
Peoples State Bank	\$ 1,056,466	\$ -	\$ (89,921)	\$ 966,545	\$ 92,197
John Deere Financial	25,877	-	(12,511)	13,366	13,368
Tax-Exempt Leasing Corp	-	535,086	(90,403)	444,683	63,767
CAT Leasing	-	168,598	(47,063)	121,535	46,373
	<u>\$ 1,082,343</u>	<u>\$ 703,684</u>	<u>\$ (239,898)</u>	<u>\$ 1,546,129</u>	<u>\$ 215,705</u>

Presented below is a summary of debt service requirements to maturity by years for the year ended April 30, 2025:

Fiscal Year	Principal	Interest	Total
2026	\$ 215,705	\$ 57,115	\$ 272,820
2027	237,278	44,448	281,726
2028	168,506	37,209	205,715
2029	175,295	30,420	205,715
2030	182,356	23,359	205,715
2031	566,989	11,788	578,777
	<u>\$ 1,546,129</u>	<u>\$ 204,339</u>	<u>\$ 1,750,468</u>

Total interest related to the loans incurred and expensed for the year ended April 30, 2025 was \$37,728.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025
(Continued)

Note 7: Fund Equity

During the fiscal year ended April 30, 2025, the City had the following nonspendable, restricted, committed, assigned, and deficit governmental fund balances:

a. Nonspendable

The City has classified \$53,111 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 as follows:

Fund	Amount
General:	
DUI and Drug Equipment	\$ 51,213
TIF	1,314,619
Tort & Liability Insurance	465,402
Social Security	106,923
IMRF	207,061
Emergency Management	3,299
Motor Fuel Tax	186,938
Workmen's Compensation	115,407
	<u>\$ 2,450,862</u>

The City has restricted the following funds where state grants exceeded expenditures:

Fund	Amount
Capital Development:	
Energy Transition - Pickleball Court	<u>\$ 23,750</u>

The City has restricted the following funds where local contributions exceeded expenditures:

Fund	Amount
General:	
Police Canine Unit	\$ 5,628
Christmas Lights	5,130
Capital Development:	
Pickleball Court	90,608
	<u>\$ 101,366</u>

The City has also restricted \$87,701 in the General fund as required by bond covenants.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025
(Continued)

Note 7: Fund Equity (Continued)

c. Committed

The City has committed resources for the following purposes:

Fund	Amount
General:	
Sidewalk Replacement	\$ 6,443
Police Safety	4,875
Firing Range Repairs	1,382
Police Vehicle	50,200
	<u>\$ 62,900</u>

d. Assigned

The City reported the following assigned fund balance:

Fund	Amount
General:	
Aquatic Facility Debt Payments	\$ <u>361,119</u>

e. Deficit

The City reported a \$50,709 deficit unassigned fund balance in the Capital Development fund. The deficit is the result of an interfund loan payable to the Water and Wastewater Treatment funds. The 2021 interfund loan was made to finance the purchase of land to be used for subsequent redevelopment projects. Subsequent rental and interest income, and electric fund transfers will provide positive net position.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025
(Continued)

Note 8: Interfund Transfers

For the year ended April 30, 2025, the following interfund transfers were made:

Fund	Interfund Transfer In	Interfund Transfer Out
General Fund:		
Electric Fund	\$ 140,986	\$ -
Water Fund	29,781	-
Wastewater Treatment Fund	27,252	-
Capital Development Fund:		
Electric Fund	105,740	-
Electric Fund:		
General Fund	-	140,986
Capital Development Fund	-	105,740
Water Fund:		
General Fund	-	29,781
Wastewater Treatment Fund:		
General Fund	-	27,252
	<u>\$ 303,759</u>	<u>\$ 303,759</u>

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

Note 9: Defined Benefit Pension Plan

A. Illinois Municipal Retirement Fund

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 their beneficiaries. The City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multiple employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section below. Details of all benefits are available from IMRF. 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 Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025
(Continued)

Note 9: Defined Benefit Pension Plan (Continued)

A. Illinois Municipal Retirement Fund (Continued)

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP), which the City's staff participate in. The plan has two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2024, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	45
Inactive Plan Members entitled to but not yet receiving benefits	16
Active Plan Members	<u>26</u>
Total	<u><u>87</u></u>

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025
(Continued)

Note 9: Defined Benefit Pension Plan (Continued)

A. Illinois Municipal Retirement Fund (Continued)

Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rates for the calendar years 2024 and 2025 were 6.16% and 7.11%, respectively. For the fiscal year ended April 30, 2025, the City contributed \$98,171 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

B. Laborer's International Union North America National (Industrial) Pension Fund

Plan Description and Benefit Terms

The Laborer's International Union North America National (Industrial) Pension Fund for the City's Police Department employees is a cost-sharing, multiple-employer, defined benefit plan contract between the City's employees and the Southern & Central Illinois Laborer's District Council Laborer's Local Union 1197. The plan provides retirement to eligible participants based on a formula of years of service and reaching a qualifying age. It was available to approximately 9 employees during the fiscal year ended April 30, 2025. The City is not a party to this defined benefit plan. The Laborer's International Union North America National (Industrial) Pension Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Laborer's International Union North America National (Industrial) Pension Fund, 905 16th Street, NW, Washington, DC 20006 or by calling 1-800-544-7422.

Contributions

The City's liability under the union's collective bargaining agreement is limited to making monthly contributions based on union employees' pay for hours worked. Consequently, the City is not liable for any funding shortage of the defined benefit plan. Each year the City's contributions to the plan equals 100% of the City's liability under the bargaining agreement. For the fiscal year ended April 30, 2025, the City contributed \$1.73 per hour worked for eligible employees in the amount of \$5,040. On June 6, 2024, the City had an election under the supervision of the Illinois Labor Relations Board resulting in a new agreement with the Policemen's Benevolent and Protective Association. Under the new agreement the City will no longer participate in the Laborer's International Union North America National (Industrial) Pension Fund.

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025
(Continued)

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: 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 12: 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 2023 tax year levy, received during fiscal year 2025, was adopted by the City Council on December 5, 2023.

Note 13: 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, 2025, the City abated property taxes totaling \$72,281.

Note 14: 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, 2025
(Continued)

Note 14: 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.

Committed Lease Agreements

The City has entered into multiple lease agreements for the use of equipment. During the year ended April 30, 2025, rent expense was charged to the following funds:

Fund	Amount
General	\$ 5,465
Water	3,565
Wastewater Treatment	9,029
	<u>\$ 18,059</u>

As of April 30, 2025, there were \$0 future minimum lease payments.

Committed Contracts

The City entered into the following contracts with vendors as of April 30, 2025:

Contract Date	Purpose	Amount	Paid as of April 30, 2025
3/19/2024	Water Main Replacement Project on S Van Buren St	\$ 667,091	\$ 648,062
6/4/2024	2025 Freightliner Bucket Truck	298,930	-
4/15/2025	SCADA Pack Upgrades	86,817	43,409
		<u>\$ 1,052,838</u>	<u>\$ 691,471</u>

City of Newton, Illinois
Notes to Financial Statements
April 30, 2025
(Continued)

Note 15: Subscription-Based Information Technology Arrangements

The City has entered into subscription-based technology arrangements (SBITA's) involving:

- General ledger accounting software
- Payroll services software

The future subscription payments under SBITA arrangements are as follows:

<u>April 30,</u>	<u>Amount</u>
2026	\$ 5,898
2027	5,898
2028	5,898
2029	5,898
2030	5,898
2031-2032	<u>11,796</u>
Total	\$ <u>41,286</u>

Note 16: Subsequent Events

On August 5, 2025, the City approved a contract with J.B. Esker & Sons, Inc for construction of pickleball courts at Peterson Park in the amount of \$119,696.



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, 2025, 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 18, 2025.

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 identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2025-001, 2025-002, and 2025-003 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 18, 2025

City of Newton, Illinois
Schedule of Findings and Responses
April 30, 2025

FINDING 2025-001 Ability to Prepare Financial Statements

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

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

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

Effect: The City cannot prepare the financial statements and footnotes 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 financial statements and footnotes 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 financial statements and footnotes. The City will continue to review and approve the financial statements and footnotes.

FINDING 2025-002 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 2025-003 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, 2025

	<u>Social Security</u>	<u>IMRF</u>	<u>Emergency Management</u>	<u>Motor Fuel Tax</u>	<u>Workmen's Compensation</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 102,381	\$ 207,061	\$ 3,299	\$ 186,938	\$ 115,407	\$ 615,086
Due from other funds	4,542	-	-	-	-	4,542
Total assets	<u>\$ 106,923</u>	<u>\$ 207,061</u>	<u>\$ 3,299</u>	<u>\$ 186,938</u>	<u>\$ 115,407</u>	<u>\$ 619,628</u>
 FUND BALANCES						
Fund balances						
Restricted	\$ 106,923	\$ 207,061	\$ 3,299	\$ 186,938	\$ 115,407	\$ 619,628
Total fund balances	<u>\$ 106,923</u>	<u>\$ 207,061</u>	<u>\$ 3,299</u>	<u>\$ 186,938</u>	<u>\$ 115,407</u>	<u>\$ 619,628</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, 2025

	Social Security	IMRF	Emergency Management	Motor Fuel Tax	Workmen's Compensation	Total Nonmajor Governmental Funds
REVENUES						
Property taxes	\$ 24,947	\$ 19,959	\$ 690	\$ -	\$ 9,981	\$ 55,577
Operating grants and contributions	-	-	-	125,467	-	125,467
Interest and investment earnings	3,022	4,871	110	3,525	2,501	14,029
Total revenues	<u>27,969</u>	<u>24,830</u>	<u>800</u>	<u>128,992</u>	<u>12,482</u>	<u>195,073</u>
EXPENDITURES						
Current:						
General government	58,354	46,406	-	-	6,196	110,956
Public safety	41,620	34,957	5,900	-	12,881	95,358
Transportation and public works	11,149	9,534	-	139,563	4,807	165,053
Culture and recreation	16,759	7,274	-	-	3,648	27,681
Capital outlay	-	-	-	131,272	-	131,272
Total expenditures	<u>127,882</u>	<u>98,171</u>	<u>5,900</u>	<u>270,835</u>	<u>27,532</u>	<u>530,320</u>
Net change in fund balances	(99,913)	(73,341)	(5,100)	(141,843)	(15,050)	(335,247)
Fund balances - beginning	206,836	280,402	8,399	328,781	130,457	954,875
Fund balances - ending	<u>\$ 106,923</u>	<u>\$ 207,061</u>	<u>\$ 3,299</u>	<u>\$ 186,938</u>	<u>\$ 115,407</u>	<u>\$ 619,628</u>

CITY OF NEWTON, ILLINOIS
Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended April 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Property taxes	\$ 99,000	\$ 99,000	\$ 99,888	\$ 888
Intergovernmental:				
Sales tax	920,000	920,000	831,163	(88,837)
Income tax	460,000	460,000	482,655	22,655
Cannabis use tax	4,200	4,200	4,364	164
Replacement tax	120,000	120,000	67,228	(52,772)
Pull-tab and gaming tax	72,500	72,500	78,028	5,528
Township road and bridge	75,000	75,000	75,426	426
Licenses and permits	22,000	22,000	19,951	(2,049)
Fees and fines	24,670	24,670	26,421	1,751
Charges for services	90,955	90,955	90,601	(354)
Operating grants and contributions	2,100	2,100	16,441	14,341
Interest and investment earnings	32,720	32,720	36,783	4,063
Miscellaneous	3,000	3,000	9,113	6,113
Total revenues	<u>1,926,145</u>	<u>1,926,145</u>	<u>1,838,062</u>	<u>(88,083)</u>
EXPENDITURES				
Current:				
General government	243,325	243,325	248,121	4,796
Public safety	926,780	926,780	848,622	(78,158)
Transportation and public works	287,185	287,185	266,566	(20,619)
Social services	35,875	35,875	27,894	(7,981)
Culture and recreation	366,525	366,525	359,084	(7,441)
Debt service:				
Principal	135,000	135,000	135,000	-
Interest	15,202	15,202	13,845	(1,357)
Capital outlay	100,653	100,653	341,813	241,160
Total expenditures	<u>2,110,545</u>	<u>2,110,545</u>	<u>2,240,945</u>	<u>130,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(184,400)</u>	<u>(184,400)</u>	<u>(402,883)</u>	<u>(218,483)</u>
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	3,002	3,002
Operating transfers in	184,400	184,400	198,019	13,619
Total other financing sources	<u>184,400</u>	<u>184,400</u>	<u>201,021</u>	<u>16,621</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(201,862)</u>	<u>\$ (201,862)</u>
Fund balance - beginning			<u>1,501,968</u>	
Fund balance - ending			<u>\$ 1,300,106</u>	

CITY OF NEWTON, ILLINOIS
Budgetary Comparison Schedule - Modified Cash Basis
TIF Fund
For the Year Ended April 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Over (Under)
REVENUES				
Property taxes	\$ 550,000	\$ 550,000	\$ 700,294	\$ 150,294
Charges for services	-	-	5,000	5,000
Interest and investment earnings	27,000	27,000	27,706	706
Total revenues	<u>577,000</u>	<u>577,000</u>	<u>733,000</u>	<u>156,000</u>
EXPENDITURES				
Current:				
Community development	102,650	102,650	129,659	27,009
Capital outlay	474,350	474,350	880,251	405,901
Total expenditures	<u>577,000</u>	<u>577,000</u>	<u>1,009,910</u>	<u>432,910</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(276,910)	<u>\$ (276,910)</u>
Fund balance - beginning			<u>1,644,640</u>	
Fund balance - ending			<u>\$ 1,367,730</u>	

CITY OF NEWTON, ILLINOIS
Budgetary Comparison Schedule - Modified Cash Basis
Tort & Liability Insurance Fund
For the Year Ended April 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Over (Under)
REVENUES				
Property taxes	\$ 546,580	\$ 546,580	\$ 550,914	\$ 4,334
Interest and investment earnings	8,000	8,000	9,650	1,650
Total revenues	554,580	554,580	560,564	5,984
EXPENDITURES				
Current:				
General government	554,580	554,580	268,685	(285,895)
Public safety	-	-	96,592	96,592
Transportation and public works	-	-	43,408	43,408
Culture and recreation	-	-	43,892	43,892
Total expenditures	554,580	554,580	452,577	(102,003)
Net change in fund balance	\$ -	\$ -	107,987	\$ 107,987
Fund balance - beginning			357,415	
Fund balance - ending			\$ 465,402	

CITY OF NEWTON, ILLINOIS
Budgetary Comparison Schedule - Modified Cash Basis
Capital Development Fund
For the Year Ended April 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Over (Under)
REVENUES				
Revenue from the use of property and equipment	\$ -	\$ -	\$ 26,112	\$ 26,112
Capital grants and contributions	-	-	186,588	186,588
Interest and investment earnings	30,312	30,312	4,750	(25,562)
Total revenues	<u>30,312</u>	<u>30,312</u>	<u>217,450</u>	<u>187,138</u>
EXPENDITURES				
Current:				
Community development	47,012	47,012	87,189	40,177
Debt service:				
Principal	40,386	40,386	-	(40,386)
Interest	2,914	2,914	2,913	(1)
Capital outlay	-	-	70,980	70,980
Total expenditures	<u>90,312</u>	<u>90,312</u>	<u>161,082</u>	<u>70,770</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,000)</u>	<u>(60,000)</u>	<u>56,368</u>	<u>116,368</u>
OTHER FINANCING SOURCES				
Operating transfers in	<u>60,000</u>	<u>60,000</u>	<u>105,740</u>	<u>45,740</u>
Total other financing sources	<u>60,000</u>	<u>60,000</u>	<u>105,740</u>	<u>45,740</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>162,108</u>	<u>\$ 162,108</u>
Fund balance - beginning			<u>(98,459)</u>	
Fund balance - ending			<u>\$ 63,649</u>	

City of Newton, Illinois
Notes to Other Information
April 30, 2025

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 16, 2024 and July 16, 2024, respectively.
8. Budget amounts reflected in the financial statements are the amounts as originally adopted on April 16, 2024.

Note 2: Individual Fund Disclosures

No funds had an excess of expenditures over appropriations for the year ended April 30, 2025.

Note 3: Encumbrances

Encumbrance accounting is not used by the City.