



To the City Council
Newton, Illinois

In planning and performing our audit of the financial statements of the City of Newton, Illinois, as of and for the year ended April 30, 2025, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the City's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the City's internal control in our report dated August 18, 2025. This letter does not affect our report dated August 18, 2025, on the financial statements of the City of Newton.

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

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

Very truly yours,

A handwritten signature in blue ink that reads 'Kemper CPA Group LLP'.

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

August 18, 2025

Current Year Comments:

Journal Entry Documentation (2025)

During our audit, we noted that journal entry reports and supporting documents were reviewed and approved by management prior to recording transactions. However, journal entry reports were not signed by management or City Council members to indicate approval. We recommend that the Treasurer and a City Council member sign monthly journal entry reports to properly document the review controls in place.

Utility Funds

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

Legal Debt Limitation

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

City of Newton
Electric Fund Statistical Analysis
For the Years Ending April 30, 2025 & 2024

	2025		2024		Change from Prior Year	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
Customer Recap:						
Average Customers Per Month	1,335	310	1,340	309	(5)	1
Highest Month	1,344	313	1,347	311	(3)	2
Lowest Month	1,324	306	1,334	306	(10)	-
Average Billing Per Customer:	Per Month	Per Year	Per Month	Per Year	Per Month	Per Year
Residential	\$ 106.38	\$ 1,277	\$ 97.42	\$ 1,169	\$ 9	\$ 108
Commercial	\$ 421.38	\$ 5,057	\$ 427.18	\$ 5,126	\$ (6)	\$ (70)
Purchases vs. Billings:	Quantity	% of Purchased	Quantity	% of Purchased	Quantity	% of Purchased
KW Hours Purchased	25,516,000	100.0%	25,935,000	100.0%	(419,000)	0.0%
KW Hours Billed	23,792,000	93.2%	23,931,000	92.3%	(139,000)	1.0%
KW Hours Unbilled (City/Government/Security Light/Lost)	1,724,000	6.8%	2,004,000	7.7%	(280,000)	-1.0%
Billings Analysis:	Billings	% of Billings	Billings	% of Billings	Billings	% of Billings
Residential	\$ 1,704,210	46.1%	\$ 1,566,450	46.3%	\$ 137,760	-0.3%
Commercial	\$ 1,567,544	42.4%	\$ 1,582,710	46.8%	\$ (15,166)	-4.4%
City	\$ 92,251	2.5%	\$ 83,684	2.5%	\$ 8,567	0.0%
Security Light	\$ 1,617	0.0%	\$ 1,298	0.0%	\$ 319	0.0%
Purchase Cost Adjustment	\$ 257,826	7.0%	\$ 69,706	2.1%	\$ 188,120.41	4.9%
Tax	\$ 75,568	2.0%	\$ 76,902	2.3%	\$ (1,335)	-0.2%
Total	\$ 3,699,016	100.0%	\$ 3,380,751	100.0%	\$ 318,265	0.0%

City of Newton
Water Fund Statistical Analysis
For the Years Ending April 30, 2025 & 2024

	<u>2025</u>		<u>2024</u>		<u>Change from Prior Year</u>	
Customer Recap:						
Average Customers Per Month	1,527		1,526		1	
Highest Month	1,540		1,537		3	
Lowest Month	1,504		1,513		(9)	
Average Billing Per Customer:	<u>Per Month</u>	<u>Per Year</u>	<u>Per Month</u>	<u>Per Year</u>	<u>Per Month</u>	<u>Per Year</u>
Metered Sales	<u>\$ 40.77</u>	<u>\$ 489</u>	<u>\$ 40.20</u>	<u>\$ 482</u>	<u>\$ 0.57</u>	<u>\$ 7</u>
Gallons Pumped vs. Billed:	<u>Quantity</u>	<u>% of Pumped</u>	<u>Quantity</u>	<u>% of Pumped</u>	<u>Quantity</u>	<u>% of Pumped</u>
Gallons Pumped	109,770,100	100.0%	106,090,300	100.0%	3,679,800	0.0%
Gallons Billed - Metered Sales	103,317,196	94.1%	99,176,409	93.5%	4,140,787	0.6%
Fire Protection	-	0.0%	-	0.0%	-	0.0%
Leak Adjustments/Flush	250,000	0.2%	-	0.0%	250,000	0.2%
St. Thomas	265,980	0.2%	266,269	0.3%	(289)	0.0%
Gallons Unaccounted For	<u>5,936,924</u>	<u>5.4%</u>	<u>6,647,622</u>	<u>6.3%</u>	<u>(710,698)</u>	<u>-0.9%</u>
Billings Analysis:	<u>Billings</u>	<u>% of Billings</u>	<u>Billings</u>	<u>% of Billings</u>	<u>Billings</u>	<u>% of Billings</u>
Metered Sales	<u>\$ 747,033</u>	<u>100.0%</u>	<u>\$ 736,081</u>	<u>100.0%</u>	<u>\$ 10,952</u>	<u>1.5%</u>
Total	<u>\$ 747,033</u>	<u>100.0%</u>	<u>\$ 736,081</u>	<u>100.0%</u>	<u>\$ 10,952</u>	<u>1.5%</u>

City of Newton
Waste Water Fund Statistical Analysis
For the Years Ending April 30, 2025 & 2024

	<u>2025</u>		<u>2024</u>		<u>Change from Prior Year</u>	
Customer Recap:						
Average Customers Per Month	1,354		1,351		3	
Highest Month	1,363		1,360		3	
Lowest Month	1,335		1,342		(7)	
 Average Billing Per Customer:						
	<u>Per Month</u>	<u>Per Year</u>	<u>Per Month</u>	<u>Per Year</u>	<u>Per Month</u>	<u>Per Year</u>
Metered Sales	<u>\$ 41.97</u>	<u>\$ 504</u>	<u>\$ 42.20</u>	<u>\$ 506</u>	<u>\$ (0.24)</u>	<u>\$ (3)</u>
 Billings Analysis:						
	<u>Billings</u>		<u>Billings</u>		<u>Billings</u>	
Metered Sales	<u>\$ 681,913</u>		<u>\$ 684,225</u>		<u>\$ (2,312)</u>	

City of Newton
Legal Debt Limitation Analysis
April 30, 2025

Total assessed value	<u>\$ 34,057,005</u>
Legal debt margin:	
Debt limitation - 8.625% of total assessed value	<u>2,937,417</u>
Debt applicable to limitation:	
Wastewater - PSB Loan	966,546
Wastewater - JD Loan	13,368
Wastewater - Tax-Exempt Leasing Corp	444,683
Electric - Caterpillar Financial Services	<u>121,535</u>
Legal debt margin available	<u><u>\$ 1,391,285</u></u>
Actual debt percentage	<u><u>4.54%</u></u>

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