



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, 2022, 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 26, 2022. This letter does not affect our report dated August 26, 2022, 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 26, 2022

Current Year Comments:

Utility Funds

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

Legal Debt Limitation

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

City of Newton
Electric Fund Statistical Analysis
For the Years Ending April 30, 2022 & 2021

	2022		2021		Change from Prior Year	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
Electric Fund:						
Customer Recap:						
Average Customers Per Month	1,312	307	1,316	304	(4)	3
Highest Month	1,321	309	1,322	307	(1)	2
Lowest Month	1,305	304	1,310	301	(5)	3
Average Billing Per Customer:						
	Per Month	Per Year	Per Month	Per Year	Per Month	Per Year
Residential	\$ 94.31	\$ 1,132	\$ 92.02	\$ 1,104	\$ 2	\$ 27
Commercial	\$ 405.88	\$ 4,871	\$ 375.38	\$ 4,505	\$ 30	\$ 366
Purchases vs. Billings:						
	Quantity	% of Purchased	Quantity	% of Purchased	Quantity	% of Purchased
KW Hours Purchased	26,378,000	100.0%	25,410,000	100.0%	968,000	0.0%
KW Hours Billed	24,759,000	93.9%	24,069,000	94.7%	690,000	-0.9%
KW Hours Unbilled (City/Government/Security Light/Lost)	1,619,000	6.1%	1,341,000	5.3%	278,000	0.9%
Billings Analysis:						
	Billings	% of Billings	Billings	% of Billings	Billings	% of Billings
Residential	\$ 1,484,800	47.5%	\$ 1,453,169	51.5%	\$ 31,631	-4.0%
Commercial	\$ 1,495,257	47.8%	\$ 1,369,386	48.5%	\$ 125,871	-0.7%
City	\$ 90,215	2.9%	\$ 90,940	3.2%	\$ (725)	-0.3%
Security Light	\$ 749	0.0%	\$ -	0.0%	\$ 749	0.0%
Purchase Cost Adjustment	\$ (21,046)	-0.7%	\$ (89,867)	-3.2%	\$ 68,821.03	2.5%
Tax	\$ 78,770	2.5%	\$ -	0.0%	\$ 78,770	2.5%
Total	\$ 3,128,744	100.0%	\$ 2,823,628	100.0%	\$ 305,116	0.0%

City of Newton
Water Fund Statistical Analysis
For the Years Ending April 30, 2022 & 2021

	<u>2022</u>		<u>2021</u>		<u>Change from Prior Year</u>	
Water Fund:						
Customer Recap:						
Average Customers Per Month	1,538		1,555		(17)	
Highest Month	1,549		1,591		(42)	
Lowest Month	1,523		1,522		1	
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>\$ 37.35</u>	<u>\$ 448</u>	<u>\$ 37.33</u>	<u>\$ 448</u>	<u>\$ 0.02</u>	<u>\$ 0</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	92,772,000	100.0%	96,175,000	100.0%	(3,403,000)	-3.5%
Gallons Billed - Metered Sales	85,153,540	91.8%	87,990,748	91.5%	(2,837,208)	-3.0%
Fire Protection	781,080	0.8%	-	0.0%	781,080	0.8%
Leak Adjustments	-	0.0%	-	0.0%	-	0.0%
St. Thomas	292,118	0.3%	206,578	0.2%	85,540	0.1%
Gallons Unaccounted For	<u>6,545,262</u>	<u>7.1%</u>	<u>7,977,674</u>	<u>8.6%</u>	<u>(1,432,412)</u>	<u>-1.5%</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>\$ 689,240</u>	<u>100.0%</u>	<u>\$ 696,547</u>	<u>100.0%</u>	<u>\$ (7,307)</u>	<u>-1.0%</u>
Total	<u>\$ 689,240</u>	<u>100.0%</u>	<u>\$ 696,547</u>	<u>100.0%</u>	<u>\$ (7,307)</u>	<u>-1.0%</u>

City of Newton
Waste Water Fund Statistical Analysis
For the Years Ending April 30, 2022 & 2021

Waste Water Fund:	<u>2022</u>		<u>2021</u>		<u>Change from Prior Year</u>	
Customer Recap:						
Average Customers Per Month	1,367		1,382		(15)	
Highest Month	1,375		1,410		(35)	
Lowest Month	1,358		1,358		-	
 Average Billing Per Customer:						
Metered Sales	<u>\$ 41.22</u>	<u>\$ 495</u>	<u>\$ 40.59</u>	<u>\$ 487</u>	<u>\$ 0.63</u>	<u>\$ 8</u>
 Billings Analysis:						
Metered Sales	<u>\$ 676,151</u>		<u>\$ 673,198</u>		<u>\$ 2,953</u>	

City of Newton
Legal Debt Limitation Analysis
April 30, 2022

Total assessed value	<u>\$ 27,920,006</u>
Legal debt margin:	
Debt limitation - 8.625% of total assessed value	<u>2,408,101</u>
Debt applicable to limitation:	
Waste Water - PSB Loan	<u>1,229,719</u>
Total debt applicable to limitation	<u>1,229,719</u>
Legal debt margin available	<u><u>\$ 1,178,382</u></u>
Actual debt percentage	<u><u>4.40%</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.