CITY OF NORTH NEWTON, KANSAS

Financial Statement

For the Year Ended December 31, 2024

City of North Newton, Kansas

For the Year Ended December 31, 2024

CONTENTS

		Page
Independent Auditor's Report		1-3
Financial Section		
Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	Statement 1	4
Notes to Financial Statement		5-11
Regulatory – Required Supplementary Information		
Summary of Expenditures – Actual and Budget – Regulatory Basis	Schedule 1	12
Schedule of Receipts and Expenditures – Actual and Budget – Regulatory Basis	Schedule 2	
General Fund		13-14
Special Purpose Funds		15-16
Bond and Interest Fund		17
Business Funds		18-21
Trust Fund		22
Summary of Receipts and Disbursements – Regulatory Basis	Schedule 3	
Agency Fund		23

Knudsen Monroe & Company LLC

512 N. Main St, Newton, Kansas 67114-2229 316 283-5366 • 316 283-8379 Fax

INDEPENDENT AUDITOR'S REPORT

City Council
City of North Newton
North Newton, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of North Newton (City), as of and for the year ended December 31, 2024, and the related disclosures to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2024, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2024, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 GAAS 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 statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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's 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 statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's 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 an opinion on the 2024 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and summary of regulatory basis receipts and disbursements-agency fund (Schedules 1, 2, and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2024 basic financial statement, but are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. 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 2024 basic financial statement. The 2024 information has been subjected to the auditing procedures applied in the audit of the 2024 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2024 basic financial statement or to the 2024 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the 2024 basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City as of and for the year ended December 31, 2023 (not presented herein), and have issued our report thereon dated June 6, 2024, which contained an unmodified opinion on the basic financial statement. The 2023 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/ municipal-services. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2024 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2024 basic financial statement. Such 2023 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2023 basic financial statement or to the 2023 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2023 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2023, on the basis of accounting described in Note 1.

Kneeden, Monroe, & Company LLC

Certified Public Accountants
Newton, Kansas
May 29, 2025

City of North Newton, Kansas

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Regulatory Basis

For the Year Ended December 31, 2024

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	$ 164,693	1,558,180	1,197,267	525,606	18,996	544,602
Special Purpose Funds						
Consolidated Street and Highway	134,454	48,794	73,462	109,786	1,676	111,462
Equipment Reserve	390,410	161,977	171,134	381,253	-	381,253
Capital Improvement	830,372	248,669	410,728	668,313	4,800	673,113
Bond and Interest Fund	38	567,992	563,430	4,600	-	4,600
Business Funds						
Water	87,937	499,193	530,813	56,317	7,746	64,063
Sewer	88,798	563,755	571,978	80,575	5,563	86,138
Solid Waste	98,659	108,077	118,860	87,876	8,574	96,450
Water Reserve	175,000	35,000	-	210,000	-	210,000
Sewer Reserve	169,379	10,900	-	180,279	-	180,279
Trust Fund						
Special Law Enforcement Trust	9,741	360	6,665	3,436	-	3,436
Total Reporting Entity (Excluding Agency Funds)	$ 2,149,481	3,802,897	3,644,337	2,308,041	47,355	2,355,396

Composition of Cash	
Checking - Union State Bank	$ 38,208
Money Market - Union State Bank	1,020,488
Certificates of Deposit	
Union State Bank - CDARS	550,000
Intrust Bank	250,000
Central National Bank	250,000
Citizens State Bank	250,000
Total Cash	2,358,696
Less Agency Funds per Schedule 3	3,300
Total Reporting Entity (Excluding Agency Funds)	$ 2,355,396

The notes to the financial statement are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

The City of North Newton is a municipal corporation governed by an elected five-member council. This regulatory financial statement presents the City of North Newton (City). In addition to the primary government, the local housing authority, Wheatland Homes, which operates the City's housing projects, qualifies as a related municipal entity of the City. Its financial activity is not, however, included in the accompanying financial statement.

Regulatory Basis Fund Types

General Fund – used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Business Fund – used to account for fees charged to users of the goods and services (i.e., water fund, sewer fund, etc.).

Trust Fund – used to report assets held in trust for the benefit of the City (i.e., pension funds, investment trust funds, private purpose trust funds which benefit the City, scholarship funds, etc.).

Agency Fund – used to report assets held by the City in a purely custodial capacity.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting* Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities, or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Purpose Funds (unless specifically exempted by statute), Bond and Interest Fund, and Business Funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

    1. Preparation of the budget for the succeeding calendar year on or before August 1st.
    2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
    3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
    4. Adoption of the final budget on or before August 25th.

    If the City is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The City did hold a revenue neutral rate hearing for this year.

    The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

    The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

    All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budget expenditure authority lapses at year end.

    A legal operating budget is not required for Equipment Reserve Funds, Capital Improvement Funds, Business Reserve Funds, Trust Funds and Agency Funds.

    Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

    Reimbursements

    The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under the KMAAG regulatory basis of accounting.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

    Compliance with Kansas Statutes

    Management is not aware of any statutory violation incurred in the year ended December 31, 2024.

3. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2024.

At December 31, 2024, the City's carrying amount of deposits was $2,358,696 and the bank balance was $2,363,881. The bank balance was held by four banks. Of the bank balances, $1,593,393 was covered by federal depository insurance, and the remaining $770,488 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Certificate of Deposit Account Registry Service (CDARS)

The City invests in the Certificate of Deposit Account Registry Service (CDARS), which is a private, for-profit service that breaks up large deposits and places them across a network of banks and savings associations around the United States. This allows the City to deal with a single bank that participates in CDARS but avoids having funds above the FDIC deposit insurance limits in any one bank.

4. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Total
Water	Equipment Reserve	K.S.A. 12-825d	$ 56,500
Water	Bond and Interest	K.S.A. 12-825d	251,400
Water	Water Reserve	K.S.A. 12-825d	35,000
Sewer	Equipment Reserve	K.S.A. 12-825d	56,500
Sewer	Bond and Interest	K.S.A. 12-825d	151,200
Sewer	Sewer Reserve	K.S.A. 12-631o	10,900
Solid Waste	General	K.S.A. 12-825d	15,000

5. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2024, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions /Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Series 2015 (refunding)	3.00-4.25%	06/04/15	$3,015,000	12/01/35	$1,550,000	-	145,000	1,405,000	55,200
Series 2019	2.75-3.00%	04/25/19	1,615,000	12/01/34	1,245,000	-	100,000	1,145,000	32,730
Series 2021	2.00%	05/26/21	2,470,000	12/01/35	2,025,000	-	190,000	1,835,000	40,500
					4,820,000	-	435,000	4,385,000	128,430
Finance Leases									
Axon Enterprise - Tasers	0.00%	11/01/23	18,510	10/01/27	-	18,510	7,079	11,431	-
Axon Enterprise - Body Cameras	0.00%	05/09/24	16,366	01/01/28	-	16,366	1,000	15,366	-
					-	34,876	8,079	26,797	-
Total contractual indebtedness					$4,820,000	34,876	443,079	4,411,797	128,430

Current maturities of long-term debt and interest for the next five years and in five-year increments through maturity are as follows:

	Year ending December 31							
	2025	2026	2027	2028	2029	2030 - 2034	2035 - 2036	Total
Principal								
General Obligation Bonds	$ 405,000	410,000	365,000	380,000	390,000	2,105,000	330,000	4,385,000
Finance leases	7,869	7,543	7,544	3,841	-	-	-	26,797
Total principal	412,869	417,543	372,544	383,841	390,000	2,105,000	330,000	4,411,797
Interest								
General Obligation Bonds	117,530	107,405	97,495	88,830	79,415	234,190	9,863	734,728
Total Principal and Interest	$ 530,399	524,948	470,039	472,671	469,415	2,339,190	339,863	5,146,525

A former employee signed a lease agreement for tasers in late 2023. However, due to change in staff, return of product, and difficulty in working with the company to credit the City and update the lease, no payments were made until late 2024, when the City made an estimated double payment for the 2023 and 2024 payments due. In early 2025, the company finally corrected the lease for the returned product and payments made.

6. OPERATING LEASE

The City entered into an operating lease agreement for a copier for a total of 63 months. Payments totaling $1,921, including overage charges and set up fees, were made in the year ended December 31, 2024. Under the current lease agreement, the future scheduled minimum payments are as follows:

2025	$ 1,986
2026	1,986
2027	828

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. Each retiree pays the full amount of the applicable premium.

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (continued)

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Death and Disability Other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2024.

Compensated Absences

Full-time employees upon hire receive 5 days paid vacation. Employees with 1 to 4 years of service accrue .8333 working day of paid vacation per month. Employees with five to nine years of service accrue 1 working day of vacation per month. Employees with ten to fourteen years of service accrue 1.25 working days of vacation per month. Employees with fifteen to nineteen years of service accrue 1.5 working days of vacation per month. Employees with twenty or more years of service accrue 1.67 working days of vacation per month. Unused vacation pay is paid to employees upon termination. Unused vacation time has not been recorded as a liability in the accompanying financial statement.

Full-time employees earn 12 days of paid sick leave for each year of service, which can be accumulated to a maximum of 60 days. Unused sick leave at December 31 may be converted to vacation time on a basis of two days sick leave for one day vacation. Unused sick leave is not paid to employees upon termination. Unused sick leave has not been recorded as a liability in the accompanying financial statement.

8. DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution

8. DEFINED BENEFIT PENSION PLAN (continued)

rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.26% for the fiscal year ended December 31, 2024. Contributions to the pension plan from the City were $46,953 for the year ended December 31, 2024.

Net Pension Liability

At December 31, 2024, the City's proportionate share of the collective net pension liability reported by KPERS was $474,510. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

9. DEFERRED COMPENSATION PLAN

Employees of the City may participate in deferred compensation plans administered by Lincoln Financial Group and Aspire Financial Services adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

Employees also have the option to invest in KPERS 457, an IRC Section 457 plan, which is voluntary and consists of pre-tax payroll deductions (and/or after tax – Roth – contributions), as provided by K.S.A. 74-49b01. The Plan is available to all employees who qualify under the terms, and permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The City does not contribute any resources to the Plans. The actual assets of the Plans are held in trust by an independent trustees, for the exclusive benefit of the Plan's participants and their beneficiaries.

10. INDUSTRIAL REVENUE BONDS

The City has entered into an agreement to induce businesses to locate or expand operations in North Newton, Kansas. In connection therewith, the City has issued industrial revenue bonds (IRB's) which require the business to make lease payments to trust accounts sufficient to pay the debt service on the IRB's. The City is under no obligation to pay the IRB debt, which is to be paid from the lease payments made by the related business.

11. 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 has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other municipalities in the State to participate in the Kansas

11. RISK MANAGEMENT (continued)

Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for its participating members.

The City pays an annual premium to KMIT for workers' compensation coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

The City continues to carry commercial insurance for all other risks of loss. There were no significant reductions in coverage during the past fiscal year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

During the ordinary course of its operations, the City is a party to various claims, legal actions and complaints. It is the opinion of the City's management and legal counsel that these matters are not anticipated to have a material financial impact on the City.

12. DATE OF MANAGEMENT REVIEW

Management has performed an analysis of the activities and transactions subsequent to December 31, 2024, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through May 29, 2025, which is the date at which the financial statement was available to be issued.

CITY OF NORTH NEWTON

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2024

SCHEDULE 1

City of North Newton, Kansas

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2024

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
GENERAL FUND	$ 1,541,485	-	1,541,485	1,197,267	(344,218)
SPECIAL PURPOSE FUND					
Consolidated Street and Highway	157,610	-	157,610	73,462	(84,148)
BOND AND INTEREST FUND	563,430	-	563,430	563,430	-
BUSINESS FUNDS					
Water	627,225	-	627,225	530,813	(96,412)
Sewer	789,550	-	789,550	571,978	(217,572)
Solid waste	145,750	-	145,750	118,860	(26,890)

City of North Newton, Kansas

General Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
RECEIPTS				
Ad valorem property tax	$ 520,410	606,556	577,473	29,083
Delinquent tax	2,040	3,513	-	3,513
Vehicle tax	88,719	89,624	87,134	2,490
Intangibles tax	36,239	32,952	31,633	1,319
Sales tax - County	435,052	435,167	350,000	85,167
Payment in lieu of tax	54,906	58,916	55,120	3,796
Franchise fees	137,289	129,941	114,900	15,041
Interest	46,697	79,584	8,000	71,584
Earnings from endowment fund	7,785	7,153	7,300	(147)
Licenses and permits	23,409	44,015	13,500	30,515
Fines and fees	22,540	24,692	13,500	11,192
Other	27,208	31,067	18,600	12,467
Transfers from				
Water	-	-	73,000	(73,000)
Sewer	-	-	100,000	(100,000)
Solid Waste	6,000	15,000	15,000	-
Total receipts	1,408,294	1,558,180	1,465,160	93,020
EXPENDITURES, Page 14	1,407,234	1,197,267		
Receipts over (under) expenditures	1,060	360,913		
UNENCUMBERED CASH, beginning	163,633	164,693		
UNENCUMBERED CASH, ending	$ 164,693	525,606		

City of North Newton, Kansas

General Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
EXPENDITURES				
General administration	$ 288,730	322,419	335,750	(13,331)
Law enforcement	342,304	336,855	486,000	(149,145)
Fire protection	433,691	420,383	483,000	(62,617)
Municipal court	43,023	45,119	59,400	(14,281)
Utilities	19,522	20,309	25,000	(4,691)
Economic Development Council	7,500	7,500	7,500	-
Distributions from endowment fund	7,785	7,153	7,880	(727)
Interest	15	-	-	-
Other	36,164	37,529	33,455	4,074
Transfers to				
Consolidated Street and Highway	50,000	-	38,000	(38,000)
Equipment Reserve	60,000	-	25,000	(25,000)
Capital Improvement	118,500	-	40,500	(40,500)
Total expenditures	$1,407,234	1,197,267	1,541,485	(344,218)

City of North Newton, Kansas

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
CONSOLIDATED STREET AND HIGHWAY				
RECEIPTS				
Gasoline tax	$ 49,117	48,794	47,680	1,114
Transfers from				
General	50,000	-	38,000	(38,000)
Sewer	-	-	25,000	(25,000)
Total receipts	99,117	48,794	110,680	(61,886)
EXPENDITURES				
Personal services	53,204	52,698	64,500	(11,802)
Contractual services	25,219	11,081	19,100	(8,019)
Commodities	7,848	6,767	14,010	(7,243)
Capital outlay	-	2,916	2,500	416
Transfers to				
Equipment Reserve	-	-	7,500	(7,500)
Capital Improvement	-	-	50,000	(50,000)
Total expenditures	86,271	73,462	157,610	(84,148)
Receipts over (under) expenditures	12,846	(24,668)		
UNENCUMBERED CASH, beginning	121,608	134,454		
UNENCUMBERED CASH, ending	$ 134,454	109,786		

City of North Newton, Kansas

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

	2023	2024
EQUIPMENT RESERVE		
RECEIPTS		
Sale of equipment	$ 22,000	48,977
Transfers from		
General	60,000	-
Water	40,000	56,500
Sewer	15,000	56,500
Total receipts	137,000	161,977
EXPENDITURES		
Equipment purchases	130,101	171,134
Receipts over (under) expenditures	6,899	(9,157)
UNENCUMBERED CASH, beginning	383,511	390,410
UNENCUMBERED CASH, ending	$ 390,410	381,253
CAPITAL IMPROVEMENT		
RECEIPTS		
Donations and other	$ 50,221	248,669
Transfers from		
General	118,500	-
Water	35,000	-
Sewer	20,000	-
Total receipts	223,721	248,669
EXPENDITURES		
Other capital expenditures	358,561	410,728
Total expenditures	358,561	410,728
Receipts over (under) expenditures	(134,840)	(162,059)
UNENCUMBERED CASH, beginning	965,212	830,372
UNENCUMBERED CASH, ending	$ 830,372	668,313

City of North Newton, Kansas

Bond and Interest Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
RECEIPTS				
Ad valorem property tax	$ 57,489	55,233	52,577	2,656
Delinquent tax	225	298	-	298
Vehicle tax	9,032	9,904	9,628	276
Special assessments	112,693	99,957	98,013	1,944
Transfers from				
Water	250,050	251,400	251,800	(400)
Sewer	150,000	151,200	152,000	(800)
Total receipts	579,489	567,992	564,018	3,974
EXPENDITURES				
Principal	440,000	435,000	435,000	-
Interest	139,528	128,430	128,430	-
Total expenditures	579,528	563,430	563,430	-
Receipts over (under) expenditures	(39)	4,562		
UNENCUMBERED CASH, beginning	77	38		
UNENCUMBERED CASH, ending	$ 38	4,600		

City of North Newton, Kansas

Business Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
WATER				
RECEIPTS				
Sales and connection fees	$ 496,112	498,536	540,600	(42,064)
Reimbursed expenses	-	657	-	657
Total receipts	496,112	499,193	540,600	(41,407)
EXPENDITURES				
Personal services	98,235	101,456	106,350	(4,894)
Water purchases	3,708	-	-	-
Contractual services	34,750	39,850	39,175	675
Commodities	24,836	28,694	21,100	7,594
Capital outlay	1,219	3,786	6,600	(2,814)
Sales tax and water protection fee	3,544	3,419	4,200	(781)
Wholesale water district	696	10,708	20,000	(9,292)
Transfers to				
General	-	-	73,000	(73,000)
Equipment Reserve	40,000	56,500	70,000	(13,500)
Capital Improvement	35,000	-	25,000	(25,000)
Bond and Interest	250,050	251,400	251,800	(400)
Water Reserve	5,000	35,000	10,000	25,000
Total expenditures	497,038	530,813	627,225	(96,412)
Receipts over (under) expenditures	(926)	(31,620)		
UNENCUMBERED CASH, beginning	88,863	87,937		
UNENCUMBERED CASH, ending	$ 87,937	56,317		

City of North Newton, Kansas

Business Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
SEWER				
RECEIPTS				
User fees and other	$ 542,138	563,755	727,040	(163,285)
EXPENDITURES				
Personal services	77,324	89,764	97,050	(7,286)
Purchased services	221,600	221,600	225,000	(3,400)
Contractual services	49,229	39,747	49,300	(9,553)
Commodities	2,488	2,267	6,200	(3,933)
Transfers to				
General	-	-	100,000	(100,000)
Consolidated Street and Highway	-	-	25,000	(25,000)
Equipment Reserve	15,000	56,500	65,000	(8,500)
Capital Improvement	20,000	-	60,000	(60,000)
Bond and Interest	150,000	151,200	152,000	(800)
Sewer Reserve	5,000	10,900	10,000	900
Total expenditures	540,641	571,978	789,550	(217,572)
Receipts over (under) expenditures	1,497	(8,223)		
UNENCUMBERED CASH, beginning	87,301	88,798		
UNENCUMBERED CASH, ending	$ 88,798	80,575		

City of North Newton, Kansas

Business Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
SOLID WASTE				
RECEIPTS				
User fees	$ 100,955	108,077	105,000	3,077
EXPENDITURES				
Personal services	2,041	2,346	3,250	(904)
Contractual services	94,344	101,514	127,000	(25,486)
Commodities	429	-	500	(500)
Transfer to General	6,000	15,000	15,000	-
Total expenditures	102,814	118,860	145,750	(26,890)
Receipts over (under) expenditures	(1,859)	(10,783)		
UNENCUMBERED CASH, beginning	100,518	98,659		
UNENCUMBERED CASH, ending	$ 98,659	87,876		

City of North Newton, Kansas

Business Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

	2023	2024
WATER RESERVE		
RECEIPTS		
Transfer from Water	$ 5,000	35,000
EXPENDITURES	-	-
Receipts over (under) expenditures	5,000	35,000
UNENCUMBERED CASH, beginning	170,000	175,000
UNENCUMBERED CASH, ending	$ 175,000	210,000
SEWER RESERVE		
RECEIPTS		
Federal and state aid	$ 28,349	-
Transfer from Sewer	5,000	10,900
Total receipts	33,349	10,900
EXPENDITURES	-	-
Receipts over (under) expenditures	33,349	10,900
UNENCUMBERED CASH, beginning	136,030	169,379
UNENCUMBERED CASH, ending	$ 169,379	180,279

City of North Newton, Kansas

Trust Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

	2023	2024
SPECIAL LAW ENFORCEMENT TRUST		
RECEIPTS		
Monies seized	$ 1,380	360
EXPENDITURES		
Equipment purchases	3,470	6,665
Receipts over (under) expenditures	(2,090)	(6,305)
UNENCUMBERED CASH, beginning	11,831	9,741
UNENCUMBERED CASH, ending	$ 9,741	3,436

SCHEDULE 3

City of North Newton, Kansas

Agency Fund

SUMMARY OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis

For the Year Ended December 31, 2024

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
METER DEPOSITS	$ 3,250	850	800	3,300