CITY OF NORTH NEWTON, KANSAS

Financial Statement

For the Year Ended December 31, 2023

City of North Newton, Kansas

For the Year Ended December 31, 2023

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Knudsen Monroe & Company LLC

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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, 2023, 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, 2023, 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, 2023, 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 2023 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 2023 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 2023 basic financial statement. The 2023 information has been 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 accompanying supplementary information is fairly stated in all material respects, in relation to the 2023 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, 2022 (not presented herein), and have issued our report thereon dated June 2, 2023, which contained an unmodified opinion on the basic financial statement. The 2022 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 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2023 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2023 basic financial statement. Such 2022 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 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 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 2022 basic financial statement or to the 2022 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 2022 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, 2022, on the basis of accounting described in Note 1.

Kneeden, Monroe, & Company LLC

Certified Public Accountants
Newton, Kansas
June 6, 2024

City of North Newton, Kansas

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Regulatory Basis

For the Year Ended December 31, 2023

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	$ 163,633	1,408,294	1,407,234	164,693	16,874	181,567
Special Purpose Funds						
Consolidated Street and Highway	121,608	99,117	86,271	134,454	1,406	135,860
Equipment Reserve	383,511	137,000	130,101	390,410	900	391,310
Capital Improvement	965,212	223,721	358,561	830,372	78,550	908,922
Bond and Interest Fund	77	579,489	579,528	38	-	38
Business Funds						
Water	88,863	496,112	497,038	87,937	4,670	92,607
Sewer	87,301	542,138	540,641	88,798	5,714	94,512
Solid Waste	100,518	100,955	102,814	98,659	8,303	106,962
Water Reserve	170,000	5,000	-	175,000	-	175,000
Sewer Reserve	136,030	33,349	-	169,379	-	169,379
Trust Fund						
Special Law Enforcement Trust	11,831	1,380	3,470	9,741	-	9,741
Total Reporting Entity (Excluding Agency Funds)	$ 2,228,584	3,626,555	3,705,658	2,149,481	116,417	2,265,898

Composition of Cash	
Checking - Union State Bank	$ 37,626
Money Market - Union State Bank	931,522
Certificates of Deposit	
Union State Bank	550,000
Intrust Bank	250,000
Central National Bank	250,000
Citizens State Bank	250,000
Total Cash	2,269,148
Less Agency Funds per Schedule 3	3,250
Total Reporting Entity (Excluding Agency Funds)	$ 2,265,898

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 adoption of the final budget has been adjusted to on or before September 20th. 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, 2023.

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, 2023.

At December 31, 2023, the City's carrying amount of deposits was $2,269,148 and the bank balance was $2,279,381. The bank balance was held by four banks. Of the bank balances, $1,000,027 was covered by federal depository insurance, and the remaining $1,279,354 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

4. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Total
General	Consolidated Street and Highway	K.S.A. 12-1,119	$ 50,000
General	Equipment Reserve	K.S.A. 12-1,117	60,000
General	Capital Improvement	K.S.A. 12-1,118	118,500
Water	Equipment Reserve	K.S.A. 12-825d	40,000
Water	Capital Improvement	K.S.A. 12-1,118	35,000
Water	Bond and Interest	K.S.A. 12-825d	250,050
Water	Water Reserve	K.S.A. 12-825d	5,000
Sewer	Equipment Reserve	K.S.A. 12-825d	15,000
Sewer	Capital Improvement	K.S.A. 12-1,118	20,000
Sewer	Bond and Interest	K.S.A. 12-825d	150,000
Sewer	Sewer Reserve	K.S.A. 12-631o	5,000
Solid Waste	General	K.S.A. 12-825d	6,000

5. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2023, 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	$1,710,000	-	160,000	1,550,000	60,000
Series 2019	2.75-3.00%	04/25/19	1,615,000	12/01/34	1,340,000	-	95,000	1,245,000	35,343
Series 2021	2.00%	05/26/21	2,470,000	12/01/35	2,210,000	-	185,000	2,025,000	44,200
Total contractual indebtedness					$5,260,000	-	440,000	4,820,000	139,543

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							
	2024	2025	2026	2027	2028	2029 - 2033	2034 - 2035	Total
General Obligation Bonds								
Principal	$ 435,000	405,000	410,000	365,000	380,000	2,050,000	775,000	4,820,000
Interest	128,430	117,530	107,405	97,495	88,830	290,505	32,963	863,158
Total Principal and Interest	$ 563,430	522,530	517,405	462,495	88,830	2,340,505	807,963	5,683,158

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, 2023. Under the current lease agreement, the future scheduled minimum payments are as follows:

2024	$ 1,986
2025	1,986
2026	1,986
2027	1,986
2028	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.

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

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

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, 2023.

Compensated Absences

Full-time employees with less than five years of service accrue .8333 working day of paid vacation per month upon completion of six months of employment. 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 rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.43% for the fiscal year ended December 31, 2023. Contributions to the pension plan from the City were $45,421 for the year ended December 31, 2023.

In 2002 the City incurred an unfunded actuarial liability (UAL) which ensured eligible employees would receive KPERS credit for their past years of service. The term chosen at that time was a 33 year loan at 8% interest. In January 2023 the City paid this obligation in full in the amount of $161,484.

8. DEFINED BENEFIT PENSION PLAN (continued)

Net Pension Liability

At December 31, 2023, the City's proportionate share of the collective net pension liability reported by KPERS was $668,434. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. 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).

During 2022, the City added the option for employees 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 Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for its participating members.

11. RISK MANAGEMENT (continued)

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, 2023, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through June 6, 2024, 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, 2023

SCHEDULE 1

City of North Newton, Kansas

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2023

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
GENERAL FUND	$ 1,550,575	-	1,550,575	1,407,234	(143,341)
SPECIAL PURPOSE FUND					
Consolidated Street and Highway	158,060	-	158,060	86,271	(71,789)
BOND AND INTEREST FUND	579,528	-	579,528	579,528	-
BUSINESS FUNDS					
Water	605,250	-	605,250	497,038	(108,212)
Sewer	777,770	-	777,770	540,641	(237,129)
Solid waste	140,750	-	140,750	102,814	(37,936)

SCHEDULE 2

City of North Newton, Kansas

General Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
RECEIPTS				
Ad valorem property tax	$ 496,330	520,410	524,210	(3,800)
Delinquent tax	1,957	2,040	-	2,040
Vehicle tax	81,702	88,719	88,872	(153)
Intangibles tax	40,056	36,239	34,508	1,731
Sales tax - County	391,552	435,052	315,000	120,052
Payment in lieu of tax	54,915	54,906	50,120	4,786
Franchise fees	136,135	137,289	110,000	27,289
Interest	9,338	46,697	5,000	41,697
Earnings from endowment fund	7,785	7,785	7,785	-
Licenses and permits	28,667	23,409	15,500	7,909
Fines and fees	15,238	22,540	9,900	12,640
Other	28,310	27,208	18,100	9,108
Transfers from				
Water	-	-	75,000	(75,000)
Sewer	-	-	100,000	(100,000)
Solid Waste	-	6,000	10,000	(4,000)
Total receipts	1,291,985	1,408,294	1,363,995	44,299
EXPENDITURES, Page 14	1,318,334	1,407,234		
Receipts over (under) expenditures	(26,349)	1,060		
UNENCUMBERED CASH, beginning	189,983	163,633		
UNENCUMBERED CASH, ending	$ 163,633	164,693		

City of North Newton, Kansas

General Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	Prior Year	Current Year		
	Actual	Actual	Budget	Variance Over (Under)
EXPENDITURES				
General administration	$ 282,404	288,730	326,575	(37,845)
Law enforcement	426,645	342,304	524,300	(181,996)
Fire protection	393,224	433,691	438,000	(4,309)
Municipal court	39,307	43,023	57,650	(14,627)
Utilities	19,607	19,522	29,000	(9,478)
Economic Development Council	7,500	7,500	7,500	-
Distributions from endowment fund	7,785	7,785	7,785	-
Interest	-	15	-	15
Other	26,362	36,164	41,265	(5,101)
Transfers to				
Consolidated Street and Highway	30,000	50,000	38,000	12,000
Equipment Reserve	30,000	60,000	25,000	35,000
Capital Improvement	55,500	118,500	55,500	63,000
Total expenditures	$1,318,334	1,407,234	1,550,575	(143,341)

City of North Newton, Kansas

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
CONSOLIDATED STREET AND HIGHWAY				
RECEIPTS				
Gasoline tax	$ 48,576	49,117	48,990	127
Transfers from				
General	30,000	50,000	38,000	12,000
Sewer	-	-	25,000	(25,000)
Total receipts	78,576	99,117	111,990	(12,873)
EXPENDITURES				
Personal services	55,740	53,204	65,450	(12,246)
Contractual services	10,920	25,219	17,600	7,619
Commodities	5,750	7,848	15,010	(7,162)
Capital outlay	-	-	2,500	(2,500)
Transfers to				
Equipment Reserve	-	-	7,500	(7,500)
Capital Improvement	7,000	-	50,000	(50,000)
Total expenditures	79,410	86,271	158,060	(71,789)
Receipts over (under) expenditures	(834)	12,846		
UNENCUMBERED CASH, beginning	122,442	121,608		
UNENCUMBERED CASH, ending	$ 121,608	134,454		

City of North Newton, Kansas

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022	2023
EQUIPMENT RESERVE		
RECEIPTS		
Sale of equipment	$ 400	22,000
Transfers from		
General	30,000	60,000
Water	80,000	40,000
Sewer	65,000	15,000
Total receipts	175,400	137,000
EXPENDITURES		
Equipment purchases	93,033	130,101
Receipts over (under) expenditures	82,367	6,899
UNENCUMBERED CASH, beginning	301,144	383,511
UNENCUMBERED CASH, ending	$ 383,511	390,410
CAPITAL IMPROVEMENT		
RECEIPTS		
Donations and other	$ -	50,221
Federal Grant - ARPA	134,449	-
Transfers from		
General	55,500	118,500
Consolidated Street and Highway	7,000	-
Water	70,000	35,000
Sewer	15,000	20,000
Total receipts	281,949	223,721
EXPENDITURES		
Bond expenses	800	-
Other capital expenditures	223,897	358,561
Total expenditures	224,697	358,561
Receipts over (under) expenditures	57,252	(134,840)
UNENCUMBERED CASH, beginning	907,960	965,212
UNENCUMBERED CASH, ending	$ 965,212	830,372

SCHEDULE 2

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, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
RECEIPTS				
Ad valorem property tax	$ 50,945	57,489	57,923	(434)
Delinquent tax	196	225	-	225
Vehicle tax	5,845	9,032	9,122	(90)
Special assessments	113,319	112,693	112,693	-
Transfers from				
Water	248,520	250,050	249,800	250
Sewer	151,740	150,000	150,000	-
Total receipts	570,565	579,489	579,538	(49)
EXPENDITURES				
Principal	435,000	440,000	440,000	-
Interest	150,555	139,528	139,528	-
Total expenditures	585,555	579,528	579,528	-
Receipts over (under) expenditures	(14,990)	(39)		
UNENCUMBERED CASH, beginning	15,067	77		
UNENCUMBERED CASH, ending	$ 77	38		

City of North Newton, Kansas

Business Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
WATER				
RECEIPTS				
Sales and connection fees	$ 490,580	496,112	525,600	(29,488)
EXPENDITURES				
Personal services	80,626	98,235	106,350	(8,115)
Water purchases	-	3,708	-	3,708
Contractual services	37,486	34,750	33,700	1,050
Commodities	20,057	24,836	14,600	10,236
Capital outlay	5,231	1,219	6,600	(5,381)
Sales tax and water protection fee	3,278	3,544	4,200	(656)
Wholesale water district	-	696	20,000	(19,304)
Transfers to				
General	-	-	75,000	(75,000)
Equipment Reserve	80,000	40,000	70,000	(30,000)
Capital Improvement	70,000	35,000	25,000	10,000
Bond and Interest	248,520	250,050	249,800	250
Water Reserve	-	5,000	-	5,000
Total expenditures	545,198	497,038	605,250	(108,212)
Receipts over (under) expenditures	(54,618)	(926)		
UNENCUMBERED CASH, beginning	143,481	88,863		
UNENCUMBERED CASH, ending	$ 88,863	87,937		

City of North Newton, Kansas

Business Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
SEWER				
RECEIPTS				
User fees and other	$ 553,590	542,138	720,000	(177,862)
EXPENDITURES				
Personal services	64,866	77,324	97,050	(19,726)
Purchased services	223,176	221,600	225,000	(3,400)
Contractual services	39,743	49,229	49,520	(291)
Commodities	3,780	2,488	6,200	(3,712)
Transfers to				
General	-	-	100,000	(100,000)
Consolidated Street and Highway	-	-	25,000	(25,000)
Equipment Reserve	65,000	15,000	65,000	(50,000)
Capital Improvement	15,000	20,000	60,000	(40,000)
Bond and Interest	151,740	150,000	150,000	-
Sewer Reserve	-	5,000	-	5,000
Total expenditures	563,305	540,641	777,770	(237,129)
Receipts over (under) expenditures	(9,715)	1,497		
UNENCUMBERED CASH, beginning	97,016	87,301		
UNENCUMBERED CASH, ending	$ 87,301	88,798		

SCHEDULE 2

City of North Newton, Kansas

Business Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
SOLID WASTE				
RECEIPTS				
User fees	$ 95,869	100,955	95,000	5,955
EXPENDITURES				
Personal services	2,213	2,041	3,250	(1,209)
Contractual services	89,621	94,344	127,000	(32,656)
Commodities	372	429	500	(71)
Transfer to General	-	6,000	10,000	(4,000)
Total expenditures	92,206	102,814	140,750	(37,936)
Receipts over (under) expenditures	3,663	(1,859)		
UNENCUMBERED CASH, beginning	96,855	100,518		
UNENCUMBERED CASH, ending	$ 100,518	98,659		

City of North Newton, Kansas

Business Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022	2023
WATER RESERVE		
RECEIPTS		
Transfer from Water	$ -	5,000
EXPENDITURES	-	-
Receipts over (under) expenditures	-	5,000
UNENCUMBERED CASH, beginning	170,000	170,000
UNENCUMBERED CASH, ending	$ 170,000	175,000
SEWER RESERVE		
RECEIPTS		
Federal and state aid	$ -	28,349
Transfer from Sewer	-	5,000
Total receipts	-	33,349
EXPENDITURES	-	-
Receipts over (under) expenditures	-	33,349
UNENCUMBERED CASH, beginning	136,030	136,030
UNENCUMBERED CASH, ending	$ 136,030	169,379

City of North Newton, Kansas

Trust Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022	2023
SPECIAL LAW ENFORCEMENT TRUST		
RECEIPTS		
Monies seized	$ -	1,380
EXPENDITURES		
Equipment purchases	7,124	3,470
Receipts over (under) expenditures	(7,124)	(2,090)
UNENCUMBERED CASH, beginning	18,955	11,831
UNENCUMBERED CASH, ending	$ 11,831	9,741

SCHEDULE 3

City of North Newton, Kansas

Agency Fund

SUMMARY OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis

For the Year Ended December 31, 2023

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
METER DEPOSITS	$ 3,100	1,000	850	3,250