

NEWTON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended
December 31, 2021

NEWTON COUNTY, TEXAS
Annual Financial Report
For the Fiscal Year Ended December 31, 2021

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INTRODUCTORY SECTION

**NEWTON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2021
DIRECTORY OF OFFICIALS**

COMMISSIONERS' COURT:

Kenneth Weeks	County Judge
Danny Bentsen	Commissioner, Precinct No. 1
Phillip White	Commissioner, Precinct No. 2
Gary Fomby	Commissioner, Precinct No. 3
Wesley (Gene) Thompson	Commissioner, Precinct No. 4

OTHER COUNTY OFFICIALS:

Courtney Tracy Ponthier	District Attorney
Bree Allen	District Clerk
Sandra K. Duckworth	County Clerk
Melissa Burks	County Tax Assessor and Collector
Ginger Sims	County Treasurer
Sherry Moore	County Auditor
Robert Burby	Sheriff
Stephanie Ducote	Librarian
Gwen Simmons	Indigent Health Care

JUSTICE OF PEACE:

Connie Smith	Justice of Peace, Precinct No. 1
Brenda Smith	Justice of Peace, Precinct No. 2
Michael Greer	Justice of Peace, Precinct No. 3
Dana Ashmore	Justice of Peace, Precinct No. 4

CONSTABLES:

Colton Havard	Constable, Precinct No. 1
Jeff McCoy	Constable, Precinct No. 2
Lewis White	Constable, Precinct No. 3
H. M. Wonders	Constable, Precinct No. 4

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge and
County Commissioners
County of Newton, Texas
Newton, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Newton, Texas, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County of Newton, Texas' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Newton, Texas, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Newton, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Newton, Texas' 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 Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Newton, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Newton, Texas' 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9, the Schedule of Changes in Net Pension Liability and Related Ratios on page 42 and the Schedule of Employer Contributions on page 43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Newton, Texas’ basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *Texas Uniform Grants Management Standards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2023, on our consideration of the County of Newton, Texas’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Newton, Texas’ internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Newton, Texas’ internal control over financial reporting and compliance.

Charles E. Reed & associates, P.C.

Charles E. Reed and Associates, P.C.
Certified Public Accountants and Consultants
Port Arthur, Texas
August 2, 2023

NEWTON COUNTY, TEXAS

Management's Discussion and Analysis

As management of Newton County (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the County's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows and resources of the County exceeded its liabilities and deferred inflows and resources at the close of 2021 by \$28,234,520. Of this amount, \$9,332,641 is considered unrestricted. The unrestricted net position of the County's governmental activities is \$9,332,641 and may be used to meet the government's ongoing obligations.
- The County's total net position increased by \$9,870,525 in 2021. This includes a (\$799,620) prior period adjustment.
- As of the close of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$6,519,144. Of this balance, \$6,519,144 is considered unassigned at December 31, 2021.
- The General Fund reported a fund balance of \$624,555 at the end of the current fiscal year. The unreserved fund balance for the General Fund was \$624,555 or 6.46% of total general expenditures (including transfers out).
- The County's total debt decreased by \$37,816 during the current fiscal year. Debt was issued in the current fiscal year in the amount of \$620,566. The Newton County Public Facilities Corporation's debt decreased by \$9,490,000 due to the County entering into a settlement agreement with the bondholders thereby eliminating the debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances in a manner similar to private-sector business.

The *statement of net positions* presents information on all of the County's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash

flows in future fiscal periods (e.g. uncollected taxes and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the County include general government, streets, public safety, and culture and recreation. The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the County are governmental funds, fiduciary funds and proprietary funds:

- Governmental funds - Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, and all major funds; non-major funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 12-16 of this report.

- Fiduciary funds - The fiduciary funds are used to account for assets held by the governmental unit in a trustee capacity.
- Proprietary funds - The County has two proprietary funds. Both are enterprise funds which are used to report business-type activities for which a fee is charged to external users for goods and services.

Notes to the financial statements - The notes provide additional information that is essential to a

full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 21 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 42 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to the Financial Statements. Combining statements can be found beginning on page 44 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County's assets and deferred outflows and resources exceeded liabilities and deferred inflows and resources by \$28,234,520 at the close of the most recent fiscal year.

A portion of the County's net position, \$18,901,879 reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, equipment, and infrastructure), less any related debt used to acquire those assets that remain outstanding. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

	Net Position			
	2021	2020	2021	2020
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities
Current and other assets	\$ 13,112,498	\$ 8,641,775	\$ -	\$ 154,050
Capital assets	11,987,103	12,411,114	8,839,057	9,090,284
Total assets	\$ 25,099,601	\$ 21,052,889	\$ 8,839,057	\$ 9,244,334
Deferred outflows and resources	\$ 316,161	\$ 693,445	\$ -	\$ -
Long-term liabilities	1,189,809	1,304,088	-	9,490,000
Other liabilities	2,907,450	1,370,699	-	-
Total liabilities	\$ 4,097,259	\$ 2,674,787	\$ -	\$ 9,490,000
Deferred Inflows and resources	\$ 1,923,040	\$ 461,886	\$ -	\$ -
Net position:				
Invested in capital assets, net of related debt	10,062,822	10,449,017	8,839,057	-
Restricted	-	-	-	-
Unrestricted	9,332,641	8,160,644	-	(245,666)
	\$ 19,395,463	\$ 18,609,661	\$ 8,839,057	\$ (245,666)

The unrestricted net position \$9,332,641 may be utilized to meet the government's on-going obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate government activities. The same situation held true for the prior fiscal year.

	CHANGES IN NET POSITION			
	2021	2020	2021	2020
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities
REVENUES				
Charges for services	\$ 980,504	\$ 840,692	\$ -	\$ -
Operating grants and contributions	-	-	-	-
Capital Grants	8,071,265	15,102,935	-	-
General revenues:				
Property taxes	9,089,438	8,215,444	-	-
Miscellaneous	70,454	49,008	-	-
Interest income	81,754	89,977	-	4,809
Nonoperating Revenues	-	-	10,179,199	-
Other	2,276,019	1,255,757	-	-
Total Revenues	<u>\$ 20,569,434</u>	<u>\$ 25,553,813</u>	<u>\$ 10,179,199</u>	<u>\$ 4,809</u>
EXPENDITURES				
General government	\$ 1,809,097	\$ 1,522,606	\$ -	\$ -
Judicial	1,152,173	1,087,722	-	-
Legal	511,299	533,368	-	-
Financial administration	946,042	854,716	-	-
Public facilities	4,101,496	5,160,409	1,094,476	411,254
Public safety	9,178,907	16,117,808	-	-
Health and welfare	969,167	917,250	-	-
Conservation	3,360	4,969	-	-
Culture and recreation	211,264	224,046	-	-
Miscellaneous	12,934	37,382	-	-
Interest on long-term debt	88,273	89,359	-	-
Total Expenditures	<u>\$ 18,984,012</u>	<u>\$ 26,549,635</u>	<u>\$ 1,094,476</u>	<u>\$ 411,254</u>
Excess of Revenues over Expenses	\$ 1,585,422	\$ (995,822)	\$ 9,084,723	\$ (406,445)
Transfers	-	376,295	-	(376,295)
Increase (decrease) in net position	\$ 1,585,422	\$ (619,527)	\$ 9,084,723	\$ (782,740)
Net Position as Previously Reported	\$ 18,609,661	\$ 19,001,171	\$ (245,666)	\$ 537,074
Prior Period Adjustment - Note 7	(799,620)	228,017	-	-
Net Position as Restated	<u>\$ 17,810,041</u>	<u>\$ 19,229,188</u>	<u>\$ (245,666)</u>	<u>\$ 537,074</u>
Net Position End of Year	<u>\$ 19,395,463</u>	<u>\$ 18,609,661</u>	<u>\$ 8,839,057</u>	<u>\$ (245,666)</u>

The government's total net position increased by \$9,870,525, including a (\$799,620) prior period adjustment, during the current fiscal year. The County's governmental activities increased due primarily to the reduction of expenditures and capital outlays.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental funds - The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is

useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2021, the County's governmental funds reported combined ending fund balances of \$6,519,144 an increase of \$1,058,257 in comparison with the prior year. Of this amount, \$6,519,144 was classified as unassigned fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the County. At December 31, 2021 unrestricted and total fund balance of the General Fund was \$624,555. As a measure of liquidity of the General Fund, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures (including transfers out). Fund balance represents 6.46% of total General Fund expenditures (including transfers out).

The fund balance of the General Fund decreased by \$98,597 during 2021. It was budgeted at a decrease of \$1,883,173 during this year. Therefore, comparison to budget shows positive variance. Revenue had a positive variance of \$1,031,608 and expenditures had a positive variance of \$1,084,565 and transfers a negative variance of \$419,652.

Enterprise funds – The enterprise funds provide information on Newton County prison facility. In 2012 the facility was depopulated. The County is currently seeking other management services specializing in prison management. Newton County financial statements include the Newton County Public Facilities Corporation, a blended component unit, see Note 1, page 21. The Newton County Public Facilities Corporation defaulted on its principal payments to Bond Holders and is currently servicing the interest due to the Bondholders from money that remains in the reserve fund. The Newton County Public Facilities Corporation is not able to service the principal payments to the Bondholders. On March 8, 2021, the County and the Bond Holders entered into a General Release Agreement whereby the County settled the total debt outstanding, \$9,490,000, for \$100,000 and an assignment of insurance proceeds arising from a theft and damage to the facility. On June 21, 2021, the Newton County Public Facilities Corporation conveyed to the County the property, plant and equipment known as the detention center to the County. The Newton County Public Facilities Corporation was dissolved by a majority vote of the board members.

The budget for the general fund was amended; the change was an increase in the expenditure budget by \$432,587. The comparison between and the actual results significant variations were: general administration spent less than budget by \$135,116, financial administration spent less than budgeted by \$41,227, public facilities spent more than budgeted by \$94,023 and health and welfare spent less than budget by \$197,781.

Capital Assets and Debt Administration

Capital assets - The County's investment in capital assets for governmental and business-type activities as of December 31, 2021, amounts to \$20,826,160 (net of accumulated depreciation). This investment in capital assets includes land, and other capital assets such as buildings, improvements, and equipment.

	CAPITAL ASSETS (net of depreciation)		
	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,054,872	\$ 300,000	\$ 1,354,872
Construction in Progress	356,314	-	356,314
Other capital assets	10,575,917	8,539,057	\$ 19,114,974
	<u>\$ 11,987,103</u>	<u>\$ 8,839,057</u>	<u>\$ 20,826,160</u>

Additional information on the County's capital assets can be found in Note 1 on pages 24 and 30.

Long-term debt - At December 31, 2021, the County had \$1,924,281 total long-term debt outstanding of which \$734,472 was due within one year.

	DEBT OUTSTANDING	
	Governmental Activities	Business-Type Activities
Bonds Payable	\$ -	\$ -
Notes Payable	1,924,281	-
	<u>\$ 1,924,281</u>	<u>\$ -</u>

The County's total liabilities and deferred inflows of resources outstanding at December 31, 2021 decreased by \$6,834,251 from December 31, 2020 because new debt of \$620,566 was issued, and outstanding debt was paid or settled. Additional information on the County's debt can be found in Note 3, beginning on page 31.

Economic Factors and Next Year's Budgets and Rates

Unemployment dropped to 7% from 11.9%; the tax rate for 2020-2021 decreased to .6535390, property values decreased. As always, in times of limited resources and consideration of the burden to rate and taxpayers, the following items may be considered in balancing future budgets:

- Budget for 2022 is similar to 2021.
- Use of fund balance to offset inflationary increases in expenses without increasing tax rate.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show accountability for the funding it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor, Newton County, Newton, Texas.

**BASIC
FINANCIAL
STATEMENTS**

NEWTON COUNTY, TEXAS
Statement of Net Position
December 31, 2021

Exhibit A

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash & Cash Equivalents	\$ 7,340,648	\$ -	\$ 7,340,648
Investments	691,854	-	691,854
Receivables:			
Accounts Receivable	1,429,195	-	1,429,195
Property Taxes Receivable	1,686,585	-	1,686,585
Allowance for Uncollectible Taxes	(60,000)	-	(60,000)
Prepaid Expenses	-	-	-
Net Pension Asset	2,024,216	-	2,024,216
Capital Assets			
Land	1,054,872	300,000	1,354,872
Construction in Progress	356,314	-	356,314
Capital Assets - Net	10,575,917	8,539,057	19,114,974
Total Assets	25,099,601	8,839,057	33,938,658
<u>Deferred Outflows and Resources</u>			
Deferred Outflows on Pensions	316,161	-	316,161
Total Deferred Outflows of Resources	316,161	-	316,161
<u>Liabilities</u>			
Accounts Payable	1,225,083	-	1,225,083
Accrued Payables	148,275	-	148,275
Due to Other Governments	799,620	-	799,620
Net Pension Liabilities	-	-	-
Notes Payable/Revenue Bonds Payable (Notes 1 and 3)		-	
Due Within One Year	734,472	-	734,472
Due After One Year	1,189,809	-	1,189,809
Total Liabilities	4,097,259	-	4,097,259
<u>Deferred Inflows of Resources</u>			
Deferred Inflows on Pensions	1,923,040	-	1,923,040
Total Deferred Inflows of Resources	1,923,040	-	1,923,040
<u>Net Position</u>			
Investment in Capital Assets- Net of Debt	10,062,822	8,839,057	18,901,879
Restricted	-	-	-
Unrestricted	9,332,641	-	9,332,641
Total Net Position	\$ 19,395,463	\$ 8,839,057	\$ 28,234,520

The accompanying notes are an integral part of this financial statement.

NEWTON COUNTY, TEXAS
Statement of Activities
For the year ended December 31, 2021

Exhibit B

<u>Functions-Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Specific Operating Grants</u>	<u>Program Specific Capital Grants</u>	<u>Governmental Activities Total</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General Government	\$ 1,809,097				\$ (1,809,097)	\$ -	\$ (1,809,097)
Judicial	1,152,173	980,504	-	-	(171,669)	-	(171,669)
Legal	511,299		-	-	(511,299)	-	(511,299)
Financial Administration	946,042		-	-	(946,042)	-	(946,042)
Public Facilities	4,101,496		-	-	(4,101,496)	-	(4,101,496)
Public Safety	9,178,907	-	-	-	(9,178,907)	-	(9,178,907)
Health & Welfare	969,167		-	8,071,265	7,102,098	-	7,102,098
Conservation	3,360		-	-	(3,360)	-	(3,360)
Culture & Recreation	211,264		-	-	(211,264)	-	(211,264)
Miscellaneous	12,934		-	-	(12,934)	-	(12,934)
Interest on Long-term Debt	88,273		-	-	(88,273)	-	(88,273)
Total Governmental Activities	18,984,012	980,504	-	8,071,265	(9,932,243)	-	(9,932,243)
Business-type Activities:							
Prison Facilities	\$ (1,094,476)	\$ -	\$ -	\$ -	\$ -	\$ (1,094,476)	\$ (1,094,476)
Total Business-type Activities	\$ (1,094,476)	\$ -	\$ -	\$ -	\$ -	\$ (1,094,476)	\$ (1,094,476)
General Revenues:							
Property Taxes					\$ 9,089,438	\$ -	\$ 9,089,438
Intergovernmental					180,469	-	180,469
Miscellaneous					70,454	-	70,454
Nonoperating Revenues (Expenses)					-	10,179,199	10,179,199
Interest					81,754	-	81,754
Other					2,095,550	-	2,095,550
Transfers					-	-	-
Total General Revenues					11,517,665	10,179,199	21,696,864
Change in Net Position					1,585,422	9,084,723	10,670,145
Net Position as Previously Reported					18,609,661	(245,666)	18,363,995
Prior Period Adjustment - Note 7					(799,620)	-	(799,620)
Net Position as Restated					17,810,041	(245,666)	17,564,375
Net Position at end of year					\$ 19,395,463	\$ 8,839,057	\$ 28,234,520

The accompanying notes are an integral part of this financial statement.

NEWTON COUNTY, TEXAS
 Balance Sheet
 Governmental Funds
 December 31, 2021

Exhibit C

	5,10,98,99	20	68	70	72	76			
	General Fund	Road & Bridge General	Hazard Mitigation Grant	Courthouse Emergency Grant	FEMA Grant	TDRA Grants	ARPA Grants	Total Non-Major Funds	Total Governmental Funds
<u>Assets</u>									
Cash and Cash Equivalents	\$ 1,392,139	\$ 286,308	\$ -	\$ 60,557	\$ 826,951	\$ 141,435	\$ 1,320,335	\$ 3,312,923	\$ 7,340,648
Investments	691,854	-	-	-	-	-	-	-	691,854
Prepaid Expenses	-	-	-	-	-	-	-	-	-
Property Taxes Receivable	1,686,585	-	-	-	-	-	-	-	1,686,585
Allowance for Uncollectible Taxes	(60,000)	-	-	-	-	-	-	-	(60,000)
Accounts Receivable	23,988	3,639	960	9,346	-	1,284,803	-	106,459	1,429,195
Total Assets	\$ 3,734,566	\$ 289,947	\$ 960	\$ 69,903	\$ 826,951	\$ 1,426,238	\$ 1,320,335	\$ 3,419,382	\$ 11,088,282
<u>Liabilities</u>									
Accounts Payable	595,694	5,772	-	-	70,159	266,933	-	286,525	1,225,083
Due to Other Government	-	-	768,409	-	31,211	-	-	-	799,620
Accrued Vacation/Comp Time	118,157	-	-	-	-	-	-	30,118	148,275
Total Liabilities	713,851	5,772	768,409	-	101,370	266,933	-	316,643	2,172,978
<u>Deferred Inflows of Resources</u>									
Deferred Inflows- Property Tax	1,554,708	-	-	-	-	-	-	-	1,554,708
Unavailable Revenue - Property Tax	841,452	-	-	-	-	-	-	-	841,452
Total Deferred Inflows of Resources	2,396,160	-	-	-	-	-	-	-	2,396,160
<u>Fund Balances</u>									
Unassigned	624,555	284,175	(767,449)	69,903	725,581	1,159,305	1,320,335	3,102,739	6,519,144
Committed	-	-	-	-	-	-	-	-	-
Total Fund Balance	624,555	284,175	(767,449)	69,903	725,581	1,159,305	1,320,335	3,102,739	6,519,144
Total Liabilities and Fund Balances	\$ 3,734,566	\$ 289,947	\$ 960	\$ 69,903	\$ 826,951	\$ 1,426,238	\$ 1,320,335	\$ 3,419,382	\$ 11,088,282

The accompanying notes are an integral part of this financial statement.

Reconciliation of the Statement of Position to the
Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2021

Total Fund Balances of Governmental Funds			\$ 6,519,144
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			11,987,103
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds			(1,924,281)
Net Pension Asset(Liability)			2,024,216
Deferred Outflows and Inflows of Resources			
Deferred Outflow on Pension	316,161		
Deferred Inflow on Pension	(1,923,040)		(1,606,879)
Other Long Term Assets not available to pay for current period expenditures, and therefore, are deferred in the funds - Unavailable Revenue - Property Tax		841,452 1,554,708	
			<u>2,396,160</u>
Net Position of Governmental Activities- Exhibit A			<u><u>\$ 19,395,463</u></u>

The accompanying notes are an integral part of this financial statement.

NEWTON COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds
For the year ended December 31, 2021

Exhibit D

	5,10,98,99	20	68	70	72	76			
	General Fund	Road & Bridge General	Hazard Mitigation Grant	Courthouse Emergency Grant	FEMA Grant	TDRA Grants	ARPA Grants	Total Non-Major Funds	Total Governmental Funds
Revenue									
Taxes	\$ 5,937,542	\$ 1,122,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,577,667	\$ 8,637,303
Intergovernmental	15,692	-	-	-	-	-	-	164,777	180,469
Fines and Fees	409,635	561,325	-	-	-	-	-	9,544	980,504
Licenses and Permits	411	-	-	-	-	-	-	-	411
Miscellaneous	63,841	-	-	-	-	-	-	6,202	70,043
Interest	36,916	5,720	-	606	-	-	-	38,512	81,754
Other Revenue	1,823,047	-	-	-	237,215	-	-	35,288	2,095,550
Grants	3,313	-	402,761	-	1,229,121	6,417,531	-	18,539	8,071,265
Total Revenue	8,290,397	1,689,139	402,761	606	1,466,336	6,417,531	-	1,850,529	20,117,299
Expenditures									
Current									
General Administrative	875,287	460,938	-	-	-	-	-	50,872	1,387,097
Judicial	1,148,544	-	-	-	-	-	-	3,629	1,152,173
Legal	411,588	-	-	-	-	-	-	99,711	511,299
Financial Administration	946,042	-	-	-	-	-	-	-	946,042
Public Facilities	1,001,060	-	712,734	-	587,528	-	-	1,635,974	3,937,296
Public Safety	2,099,740	-	-	-	-	5,357,924	-	1,240,371	8,698,035
Health and Welfare	677,323	-	-	-	-	-	-	291,844	969,167
Conservation	148	-	-	-	-	-	-	3,212	3,360
Culture and Recreation	-	-	-	-	-	-	-	211,264	211,264
Miscellaneous	12,934	-	-	-	-	-	-	-	12,934
Debt Service	-	-	-	-	-	-	-	-	-
Principal Payment	152,693	19,975	-	-	-	-	-	484,844	657,512
Interest Expense	20,516	826	-	-	-	-	-	66,931	88,273
Capital Outlay	143,879	216,218	-	-	-	-	-	745,062	1,105,159
Total Expenditures	7,489,754	697,957	712,734	-	587,528	5,357,924	-	4,833,714	19,679,611
Excess (Deficiency) of Revenues									
Over (Under) Expend	800,643	991,182	(309,973)	606	878,808	1,059,607	-	(2,983,185)	437,688
Other Financing Sources									
Transfers In	1,390,329	24,014	305,477	-	266,536	291,586	1,320,335	3,875,029	7,473,306
Transfers (Out)	(2,377,624)	(1,415,000)	(1,140,597)	-	(1,263,147)	(495,651)	-	(781,284)	(7,473,303)
Issuance of Debt	88,055	216,218	-	-	-	-	-	316,293	620,566
Total Other Financing	(899,240)	(1,174,768)	(835,120)	-	(996,611)	(204,065)	1,320,335	3,410,038	620,569
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing									
	(98,597)	(183,586)	(1,145,093)	606	(117,803)	855,542	1,320,335	426,853	1,058,257
Fund Balance -									
As Previously Reported	723,152	467,761	1,146,053	69,297	874,595	303,763	-	2,675,886	6,260,507
Prior Period Adjust	-	-	(768,409)	-	(31,211)	-	-	-	(799,620)
Fund Balance, As Reported	723,152	467,761	377,644	69,297	843,384	303,763	-	2,675,886	5,460,887
Fund Balance - End of Year	\$ 624,555	\$ 284,175	\$ (767,449)	\$ 69,903	\$ 725,581	\$ 1,159,305	\$ 1,320,335	\$ 3,102,739	\$ 6,519,144

The accompanying notes are an integral part of this financial statement.

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended December 31, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds (Exhibit D)	1,058,257
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period:</p>	
Capital Outlay	1,105,159
Depreciation	(1,172,858)
Capital Asset Disposition	-
	(67,699)
<p>Actuarially calculated additional pension expense not using current-period financial resources</p>	
Change in Asset/Liability	1,945,371
Change in deferred inflow/outflow	(1,838,438)
	106,933
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>	
Issuance of Debt	(620,566)
Payment of Principal	657,512
Debt adjustment	-
	36,946
<p>Revenues in statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>	
change in unavailable revenue	440,208
change in deferred tax	10,777
	450,985
Change in Net Assets of Governmental Activities (Exhibit B)	<u><u>\$ 1,585,422</u></u>

Statement of Revenue, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the year ended December 31, 2021

	Original Budget Original	Final Budget Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUE				
Taxes	\$ 6,820,417	\$ 6,820,417	\$ 5,937,542	\$ (882,875)
Intergovernmental	25,200	25,200	15,692	(9,508)
Fines and Fees	304,720	304,720	409,635	104,915
Licenses & Permits	100	100	411	311
Miscellaneous	23,800	26,867	63,841	36,974
Interest	46,500	46,500	36,917	(9,583)
Unrealized Gain/Loss on Investments	-	-	-	-
Grants	-	-	3,313	3,313
Other Revenue	34,985	34,985	1,823,046	1,788,061
Total Revenue	7,255,722	7,258,789	8,290,397	1,031,608
EXPENDITURES				
Current				
General Administration	1,020,275	1,278,493	875,287	403,206
Judicial	1,283,660	1,283,660	1,148,544	135,116
Legal	471,223	471,223	411,588	59,635
Financial Administration	965,236	987,269	946,042	41,227
Public Facilities	757,768	907,037	1,001,060	(94,023)
Public Safety	2,288,265	2,291,332	2,099,740	191,592
Health and Welfare	875,105	875,105	677,324	197,781
Conservation	460	460	148	312
Miscellaneous	100,000	100,000	12,934	87,066
Principal Payment	78,929	78,929	152,693	(73,764)
Interest Expense	26,811	26,811	20,515	6,296
Capital Outlay	274,000	274,000	143,879	130,121
TOTAL EXPENDITURES	8,141,732	8,574,319	7,489,754	1,084,565
Excess(Deficiency) of Rev Over(Under) Expenditures	(886,010)	(1,315,530)	800,643	2,116,173
Other Finance Sources(Uses)				
Issuance of Debt	-	-	-	-
Transfers In	63,281	63,281	1,390,329	1,327,048
Transfers Out	(630,924)	(630,924)	(2,377,624)	(1,746,700)
Issuance of Debt	-	-	88,055	88,055
Total Other Finance Sources(Uses)	(567,643)	(567,643)	(899,240)	(331,597)
Excess(Deficiency) of Revenue Over(Under) Expenses & Other Financial Sources(Uses)	(1,453,653)	(1,883,173)	(98,597)	1,784,576
Fund Balance - Beginning of Period	723,152	723,152	723,152	-
Fund Balance - End of Period	\$ (730,501)	\$ (1,160,021)	\$ 624,555	\$ 1,784,576

The accompanying notes are an integral part of this financial statement.

	Business-Type Activities		Component Unit Public Facility Corporation	Total
	Enterprise Fund			
	Correctional Facility 081	Correctional Facility 082		
<u>Assets</u>				
Current Assets				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts Receivables - Net of Allowances for Uncollectibles	-	-	-	-
Total Current Assets	-	-	-	-
Non-Current Assets				
Restricted Cash and Investments	-	-	-	-
Original Issue Discount	-	-	-	-
Less: Accumulated Accretion	-	-	-	-
Total Capital Assets, Net of Accumulated Depreciation	8,839,057	-	-	8,839,057
Total Non-Current Assets	8,839,057	-	-	8,839,057
Total Assets	8,839,057	-	-	8,839,057
<u>Liabilities</u>				
Current Liabilities				
Accounts Payable	-	-	-	-
Bonds Payable - Current Portion (Note 1 and 3)	-	-	-	-
Total Current Liabilities	-	-	-	-
Long-Term Liabilities				
Bonds Payable - Noncurrent Portion (Note 1 and 3)	-	-	-	-
Total Long-term Liabilities	-	-	-	-
Total Liabilities	-	-	-	-
<u>Net Position</u>				
Invested in Capital Assets	-	-	-	-
Unrestricted	8,839,057	-	-	8,839,057
Total Net Position	\$ 8,839,057	\$ -	\$ -	\$ 8,839,057

The accompanying notes are an integral part of this financial statement.

NEWTON COUNTY, TEXAS
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended December 31, 2021

Exhibit G

	Business-Type Activities		Component Unit Public Facility Corporation	Total
	Enterprise Fund			
	Correctional Facility 081	Correctional Facility 082		
<u>Operating Revenue</u>				
Project Revenues	\$ -	\$ -	\$ -	\$ -
Total Operating Revenues	-	-	-	-
<u>Operating Expenses</u>				
Management Fees	-	-	-	-
Depreciation	-	-	251,227	251,227
Insurance	-	-	-	-
Legal and Professional	-	-	205,754	205,754
Trust Fees	-	-	11,800	11,800
Operating Expense	-	7,970	1,861	9,831
Bond Interest	-	-	615,864	615,864
Total Operating Expenses	-	7,970	1,086,506	1,094,476
Operating Income (Loss)	-	(7,970)	(1,086,506)	(1,094,476)
<u>Nonoperating Revenues (Expenses)</u>				
Interest Income	-	-	52	52
Insurance Proceeds	-	-	1,500,000	1,500,000
Gain on Bond Settlement	-	-	8,573,863	8,573,863
Miscellaneous Income (Expenses)	-	-	105,284	105,284
Total Nonoperating Revenues (Expenses)	-	-	10,179,199	10,179,199
Transfers	8,839,057	-	(8,839,057)	-
Change in Net Position	8,839,057	(7,970)	253,636	9,084,723
Total Net Position at Beginning of Year	-	7,970	(253,636)	(245,666)
Total Net Position at End of Year	\$ 8,839,057	\$ -	\$ -	\$ 8,839,057

The accompanying notes are an integral part of this financial statement.

NEWTON COUNTY, TEXAS
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2021

Exhibit H

	Business-Type Activities		Component Unit Public Facility Corporation	Total
	Enterprise Fund			
	Correctional Facility 081	Correctional Facility 082		
Cash Flows From Operating Activities				
Receipts from Customers	\$ -	\$ -	\$ 5,284	\$ 5,284
Payment for Goods and Services	-	-	-	-
Net Cash Provided (Used) by Operating Activities	-	-	5,284	5,284
Cash Flows from Non-Capital Financing Sources (Uses)				
Miscellaneous	-	-	-	-
Transfers	-	-	-	-
Cash Flows from Capital and Related Financing Activities				
Interest Payments	-	-	-	-
Principal Payments	-	-	-	-
Cash Flows from Investing Activities				
Interest Income	-	-	52	52
Insurance Proceeds	-	-	1,500,000	1,500,000
Gain on Bond Settlement	-	-	-	-
Miscellaneous Income (Expense) Related to Bond Settlement	-	(7,970)	(1,651,416)	(1,659,386)
Net Increase(Decrease) in Cash and Cash Equivalents	-	(7,970)	(146,080)	(154,050)
Cash and Cash Equivalents at Beginning of Year				
Unrestricted Cash and Cash Equivalents	-	7,970	146,080	154,050
	-	7,970	146,080	154,050
Cash and Cash Equivalents at End of Year				
Unrestricted Cash and Cash Equivalents	-	-	-	-
	-	-	-	-
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss) Adjustments	-	-	(829,995)	(829,995)
Depreciation	-	-	251,227	251,227
Increase (Decrease) in Other Miscellaneous Items	-	-	-	-
	\$ -	\$ -	\$ (578,768)	\$ (578,768)
Interest Paid		-	\$ -	\$ -

The accompanying notes are an integral part of this financial statement.

NEWTON COUNTY, TEXAS
Statement of Net Position
Fiduciary Funds - Agency Funds
December 31, 2021

Exhibit I

	Sheriff Office	Criminal District Attorney	District Clerk Fee Fund	District Clerk Trust	County Clerk Fee Fund	County Clerk Trust Fund	Tax Assessor Collector	Total
<u>Assets</u>								
Cash	\$ 784	\$ 2,780	\$369,763	\$ 68,948	\$21,077	\$124,683	\$1,280,320	\$1,868,355
Total Assets	<u>784</u>	<u>2,780</u>	<u>369,763</u>	<u>68,948</u>	<u>21,077</u>	<u>124,683</u>	<u>1,280,320</u>	<u>1,868,355</u>
<u>Liabilities</u>								
Liabilities								
Payable to Newton								-
County Beneficiaries	784	2,780	369,763	68,948	21,077	124,683	1,280,320	1,868,355
Total Liabilities	<u>784</u>	<u>2,780</u>	<u>369,763</u>	<u>68,948</u>	<u>21,077</u>	<u>124,683</u>	<u>1,280,320</u>	<u>1,868,355</u>
<u>Fiduciary Net Position</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

NEWTON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Newton County, Texas (the County) was formed by state law. The County is governed by the County Judge and Commissioners, all of which are elected officials, and provides the following services for the County: public safety (sheriff and constables), public transportation (roads and bridges), health and welfare, conservation, public improvements, environmental protection, and administrative services.

The accompanying financial statements of Newton County (the County) have been prepared in conformity with accounting principles generally accepted in the United States (“GAAP”) applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The County has one component unit – The Public Facility Corporation. Blended component units are, in substance, part of the primary government operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The Public Facilities Corporation is governed by a board comprised of the County’s commissioners. The Public Facilities Corporation is reported as an enterprise fund and does not issue separate financial statements.

On December 12, 2001, the County of Newton, Texas formed the Newton County Public Facility Corporation, pursuant to the Public Facilities Act Chapter 303 of the Texas Local Government Code, for the purpose of financing eligible jail and criminal detention projects and other public facilities on behalf of Newton County, Texas. Specifically, the Newton County Public Facility Corporation was formed to refinance the debt of approximately \$ 14,300,000 of revenue bonds issued by Newton County, Texas. The bonds were initially issued by Newton County, Texas to acquire real property, construct, furnish and equip a multi-classification secure detention center known as the Fillyaw Correctional Facility located in Newton County, Texas. This type of alternative revenue source and financing lessens the local tax burden. The Project Revenue Bonds are repaid solely from the revenues generated by the facility, using no County tax dollars and presenting no liability to either the County or the Newton County Public Facility Corporation. Newton County contracted with the GEO correctional group to manage the facility until the termination of the contract on November 9, 2009.

The County negotiated a contract with Community Education Centers, Inc. (CEC) on November 9, 2009 to assume the operations and management of the facility. The facility continued to house inmates until November, 2011 and CEC continued to manage the facility until March, 2012 at which time the facility was depopulated. The Newton County Public Facilities Corporation defaulted on its principal payments to Bond Holders and was currently servicing the interest due to the Bondholders from money that remains in the reserve fund. The Newton County Facilities Corporation was is not able to service the principal payments to the Bondholders. The remaining amount of bonds outstanding was \$9,490,000. On March 8, 2021, the County and the Bond Holders entered into a General Release Agreement whereby the County settled the total debt outstanding for \$100,000 and an assignment of insurance proceeds arising from a theft and damage to the facility. On June 21, 2021, the Newton County Public Facilities Corporation conveyed to the County the property, plant and equipment known as the detention

center to the County. The Newton County Public Facilities Corporation was dissolved by a majority vote of the board members.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statements of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-like activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The fiduciary fund types are used to account for assets held by a government unit in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenue to be available if it is collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County has the following major governmental funds:

- General Fund - The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.
- Road and Bridge Fund – The Road & Bridge Fund is used to maintain county roads, bridges, ditches, etc. through the out County.
- Hazard Mitigation Grant Fund – This fund accounts for grants for mitigation of hazards.
- Courthouse Emergency Grant Fund – This fund accounts for grants to restore and rebuild the Newton County Courthouse.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of the following subsequent private-sector guidance for their business-like activities and Enterprise Funds, subject to this same limitation. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation of governmental funds.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments are stated at fair value. Newton County's investment policy allows investments as state statute authorize; policy also addresses investment officer requirements for Newton County. Newton County was in compliance with the policy.

Inventories and Prepaid Items

Inventories – The costs of governmental fund-type inventories are recorded as expenditures when purchased. The cost of inventory on hand at December 31, 2021 was minimal.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods in both the government-wide and fund financial statements.

Receivables and Payables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to /from other funds.”

Property taxes are levied as of October 1 on property values assessed on January 1. On February 1 billings are considered past due and property taxes begin to accrue interest. On July 1 of the following year liens, penalties and interest are assessed.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, sidewalks and similar items) are recorded in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more and a useful life of two or more years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. Interest incurred during construction is not capitalized on capital assets.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Property, plant and equipment are depreciated in the governmental funds of the government using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	40-50
Building Improvements	15-40
Roads and Bridges	15-40
Vehicles	5-10
Office Equipment	5-10
Computer Equipment	3-5

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the County. Sick leave accrues to full-time, permanent employees to specified maximums. Although employees are encouraged to take vacations in the year earned, payment of accrued vacation time is eligible to employees who separated from the

County in good standing up to one week. Accumulated sick leave is not compensated upon resignation, retirement, or dismissal. Employee benefits are reviewed on an annual basis by the County Commissioners. Benefits are subject to change.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Debt is primarily paid by the general fund and road and budget funds. The County first applies restricted funds then unrestricted to expenditures.

Government-Wide Net Assets / Fund Balances – Governmental Funds

As of these financial statements, the County has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

- Non-spendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- Restricted – Amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.
- Committed – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the County Commissioners Court.
- Assigned – The portion of fund balance that the County intends to use for specific purposes.
- Unassigned – The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

When the government incurs expenditures for purposes for which various fund balance classifications can be used, it is the government’s policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Deferred Outflows/inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure)” until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows or resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Net Position Flow Assumption

Sometimes the governments will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the government fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of this fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but so not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the financial director to assign fund balance. The council may assign fund balance as it dies when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Fund Deficit

As of December 31, 2021 the following funds had deficit fund balances.

Fund 29 VAW Grant \$(17), Fund 50 Solid Waste Disposal \$(564), Fund 53 Newton County Library \$(6,553), Fund 55 Historical Operating \$(1,791) and Fund 68 Hazard Mitigation \$(967,211).

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the net position of the County of Newton, Texas's plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by Texas County and District Retirement System (TCDRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. All other governmental funds are unbudgeted. All annual appropriations lapse at fiscal year end.

- The County follows these procedures in establishing the budgetary data reflected in the financial statements:
 1. On or before September 30th of each year, the County Budget Officer must submit to the County Court a budget estimate of the revenues of the County and the expenditures or expenses of conducting the affairs thereof for the ensuing year.
 2. On receipt of the estimate the County Court must at once prepare an appropriation ordinance, using the estimate as a basis. Provisions are made for public hearings upon the appropriation ordinance before a committee of the County Court, or before the entire County Court.
 3. Following the public hearing, and before the second reading and final passage, the appropriation ordinance must be published in the official newspaper of the County.
- 4. The County Court must not pass the appropriation ordinance until at least ten days after its publication, but must pass the appropriation ordinance no later than December 31 of each year.
- 5. The legal level of control is by fund level where the County Court's approval is required. The County Court may transfer unencumbered appropriations for the use of a department, division or purpose or any other department, division or purpose without public notice and public hearing except when such transfer shall be made of revenue or earnings of any non-tax supported public utility to any other purpose. No amendment is necessary if department expenditures exceed budget, as long as fund expenditures do not exceed the fund budget.
- 6. All budgets are adopted on a basis consistent with generally accepted accounting principles.
 - There are no excess expenditures over appropriation.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Deposits

The carrying amount of the County's deposits as of December 31, 2021 was \$7,340,648, and the bank balances were \$8,032,501. Of the bank balance, \$250,000 was covered by FDIC insurance and up to

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\$24,894,890 was covered by collateral held in the County's name by the agent bank which is the County's depository bank. In addition, the County's fiduciary funds balances totaled \$1,868,355.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. It is both policy and legally required that the County's deposits be collateralized. The amount exposed to custodial risk is \$ 0.

Cash deposits and temporary investments held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

Category 1: Deposits which are insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2: Deposits which are collateralized with the securities held by financial institutions, trust departments, or agents in the entity's name.

Category 3: Deposits that are not collateralized.

Based on these three levels of risk, the County's deposits are classified as Category 1.

The County's investments, \$691,854, is invested with First Financial Trust; \$691,854 is invested in Government backed securities.

Investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

Category 1: Investments that are insured, registered, or held by the entity or by its agent in the entity's name.

Category 2: Investments that are uninsured and unregistered held by the counter party's trust department or agent in the entity's name.

Category 3: Uninsured and unregistered investments held by the counter party, its trust department, or its agent, but not in the entity's name.

Based on these three levels of risk, the County's investments are classified as Category 1 and Category 2.

In accordance with GASB Statement No. 31, the County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the cost-basis of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at cost unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of less than one year or less at time of purchase. The term "non-participating" means that the investment's value does not vary with market interest rate changes.

Receivables

Receivables and related allowances for uncollectible accounts were as follows as of December 31, 2021 for the governmental funds of the County:

	General	Road & Bridge	Other	Total
Property taxes	\$ 1,686,585	\$ -	\$ -	\$ 1,686,585
Accounts	23,988	3,639	1,400,421	1,428,048
	1,710,573	3,639	1,400,421	3,114,633
Allowance for Uncollectibles	(60,000)	-	-	(60,000)
	\$ 1,650,573	\$ 3,639	\$ 1,400,421	\$ 3,054,633

Receivables for the Business-Type Enterprise Funds:

	Correctional Facility	Public Facility Corporation	Total
Accounts Receivable	\$ -	\$ -	\$ -

Property appraisal within the County is the responsibility of the Newton County Appraisal District (Appraisal District). The Appraisal District is required under the Property Tax Code to appraise all property within the county on the basis of 100% of market value. The value of real property within the Appraisal District must be reviewed every five years; however, the County may, at its own expense, require annual reviews of appraised values. The County may challenge appraised value established by the Appraisal District through various appeals and legal action. Under the Property Tax Code legislation, the County establishes the tax rates for property within the County’s corporate limits. However, if the new tax rate exceeds the effective rate after certain adjustments for the previous year by more than eight percent (8%), qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than eight percent (8%) above the effective tax rate.

Property Tax Calendar - Below is an analysis of dates and their relationship to the property tax revenues:

County Calendar	December 31
Tax Calendar	As of January 1
Levy Date	October 1
Due Date	On or before January 31
Delinquent Date	February 1
Lien Date	July 1 of each year

Valuation of Delinquent Property Taxes Receivables - The State of Texas prohibits the County from forgiving an Ad Valorem property tax debt. Adjustments to delinquent taxes receivable are made only on discovery of errors or omissions, judgment orders of a court of law, or upon specific acts of the State Legislature.

The accompanying financial statements include the County’s estimate of delinquent taxes that may have doubtful collectibility. This estimate is included in this report for “best knowledge” valuation purposes only and does not in any way indicate a write-off of delinquent taxes.

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In the fund financial statements, property taxes that are measurable and available (receivable within the current period and collected within the current period or within 60 days thereafter to be used to pay liabilities of the current period) are recognized as revenue in the year of levy. Property taxes that are measurable, but not available, are recorded, net of estimated uncollectible amounts, as deferred revenues in the year of levy. Such deferred revenues are recognized as revenue in the fiscal year in which they become available.

Property Tax Levy - the County's 2020 tax rate was \$.6002820 per \$100.00 valuation assessed at 100% of market value. The 2021 tax rate is set at \$.6535390 per \$100 valuation.

Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

General Government

Asset	Balance	Additions	Deletions	Balance	Life
Land	\$ 1,054,872	\$ -	\$ -	\$ 1,054,872	N/A
Buildings	17,174,346	-	-	17,174,346	50
Equipment	9,760,911	748,846	-	10,509,757	7
Construction in Progress	-	356,314	-	356,314	
Infrastructure	17,562,021	-	-	17,562,021	40
	<u>\$ 45,552,150</u>	<u>\$ 1,105,160</u>	<u>\$ -</u>	<u>\$ 46,657,310</u>	
Accumulated Depreciation	Prior	Additions	Deletions	Ending A/D	Book Value
Land	\$ -	\$ -	\$ -	\$ -	\$ 1,054,872
Buildings	10,812,194	68,255	-	10,880,449	6,293,897
Equipment	5,730,415	1,070,232	-	6,800,647	3,709,110
Construction in Progress	-	-	-	-	356,314
Infrastructure	16,954,740	34,371	-	16,989,111	572,910
	<u>\$ 33,497,349</u>	<u>\$ 1,172,858</u>	<u>\$ -</u>	<u>\$ 34,670,207</u>	<u>11,987,103</u>

Governmental Activities:

Depreciation expense was charged to the Governmental Activities functions and/or programs as follows:

General Government	\$ 527,786
Public Safety	164,200
Public Facilities	<u>480,872</u>
Total Depreciation Expense	<u>\$1,172,858</u>

Enterprise Fund:

Enterprise Fund

Asset	Balance	Additions	Deletions	Balance	Life
Land	\$ -	\$ 300,000	\$ -	\$ 300,000	N/A
Building	-	12,591,475	-	12,591,475	50
	<u>\$ -</u>	<u>\$12,891,475</u>	<u>\$ -</u>	<u>\$ 12,891,475</u>	
Accumulated Depreciation	Prior	Additions	Deletions	Ending A/D	Book Value
Land	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Buildings	-	4,052,418	-	4,052,418	\$ 8,539,057
	<u>\$ -</u>	<u>\$ 4,052,418</u>	<u>\$ -</u>	<u>\$ 4,052,418</u>	<u>\$ 8,839,057</u>

Component Unit:

Capital assets for the Component Unit and related accumulated depreciation for the year was as follows:

Beginning	Ending
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	Balance	Additions	Deletions	Balance
Land	\$ 300,000	\$ -	\$ 300,000	\$ -
Building	12,591,475	-	12,591,475	-
Total Assets	12,891,475	-	12,891,475	-
Less: Accumulated Depreciation	3,801,191	-	3,801,191	-
Total	\$ 9,090,284	\$ -	\$ 9,090,284	\$ -

The amount \$251,150 of depreciation is recorded for component unit. Additional information is located in Note 1 page 21. No additions or deletions were made.

Long-term Debt

The County is obligated for notes payable to provide funds for the acquisition and construction of major capital facilities. No bonds were outstanding at December 31, 2021.

Description	Interest Rate	Beginning	Debt Issuance	Principal Payments	Interest Payments	Other Adjustments	Ending	Due in	
		Balance 1/1/2021					Balance 12/31/2021	One Year	Maturity
Copier - DA Conf Room	6.10%	2,978	-	905	329	-	2,073	940	2024
Sharp Copier	6.10%	1,658	-	1,316	64	-	342	342	2022
Sharp Copier	6.10%	5,079	-	2,142	619	-	2,937	2,486	2023
Sharpe Copier - Judge	6.10%	3,403	-	1,576	405	-	1,827	1,827	2022
Sharp Copier	6.10%	5,075	-	2,006	753	-	3,069	2,399	2023
Sharp Copier - Comm 3	6.10%	1,153	-	916	44	-	237	237	2022
Sharp Copier	6.10%	4,120	-	1,358	682	-	2,762	1,646	2023
Copier - Comm Pct 3	6.10%	6,559	-	1,131	908	-	5,428	1,298	2025
Sheriff - 2 Printers	6.10%	1,018	-	775	125	-	243	243	2022
Sheriff - secr copier	6.10%	688	-	587	31	-	101	101	2022
Tax Assessor - TAC	6.10%	1,342	-	836	242	-	506	506	2022
Copier - JP 1	6.10%	4,416	-	1,856	543	-	2,560	2,162	2022
Motor Vehicle - Dewey	6.10%	3,144	-	562	348	10	2,592	880	2024
Indigent - Copier Upgrade	6.10%	4,312	-	885	315	-	3,427	984	2025
Court Room 2nd Floor	6.10%	3,859	-	666	534	-	3,193	773	2025
Color Kyocera Copier	6.10%	1,401	-	804	276	-	597	597	2022
Treasurer - Copier	6.10%	2,777	-	1,597	274	-	1,180	1,180	2022
Copier - Library Dewey	6.10%	5,188	-	1,240	741	-	3,948	1,453	2024
Printer - SO Jail Cap	6.10%	3,200	-	741	459	-	2,459	868	2024
Copier - Comm Pct 2	6.10%	3,135	-	876	324	-	2,259	989	2024
Copier - Extension	6.10%	4,917	-	1,088	353	-	3,829	1,176	2024
Copier - MV Bleakwood	6.10%	4,506	-	906	304	-	3,600	1,078	2024
TAC - 2 copiers	6.10%	6,556	-	1,448	472	-	5,108	1,569	2024
Copier/Printer Dist Clk	6.10%	7,039	-	1,580	759	-	5,459	1,781	2024
Sharp Copier - Co Clk	6.10%	3,091	-	2,092	163	-	999	1,000	2022
Sharp Copier - History	6.10%	5,400	-	1,374	726	-	4,026	1,561	2024
Sharp Copier	6.10%	3,891	-	1,655	425	(155)	2,081	1,612	2023
Copier/Printer JP 4	6.10%	4,584	-	1,039	642	-	3,545	1,233	2024
JP 2 - Copier Upgrade	6.10%	3,783	-	500	447	(49)	3,234	638	2025
JP 3 - Printer	6.10%	1,955	-	358	292	-	1,597	387	2025
Copier - JP 3 Upgrade	6.10%	4,100	-	906	295	-	3,194	981	2024
2020 Peterbilt 348 Grapple	3.04%	210,718	-	68,317	6,249	-	142,401	70,218	2024
Software - Co&Dist Clk	4.18%	118,698	-	58,159	5,122	-	60,539	60,539	2022
2021 Ford F-250	2.96%	-	37,240	-	-	-	37,240	12,052	2024
2021 Ford F-250 SD	2.96%	-	50,815	-	-	-	50,815	16,446	2024
2019 Ford F250 Comm2	3.04%	20,002	-	19,975	826	(27)	-	-	2022
2021 Peterbilt 337	2.96%	-	216,218	-	-	-	216,218	69,978	2024
2019 Peterbilt	3.95%	88,217	-	43,297	3,538	-	44,920	44,920	2024
2018 John Deer Grader	3.20%	74,623	-	74,258	3,032	(365)	-	-	2021
2019 John Deere Grader	3.61%	161,597	-	79,909	6,030	-	81,688	81,688	2022
Kubota Tractor/Terrain BM	3.56%	133,500	-	66,242	4,103	-	67,258	67,258	2022
Kubota Mini Excavator	3.39%	50,295	-	24,730	1,710	-	25,565	25,565	2022
2021 Ford F-250 SD (pct 1)	2.96%	-	46,807	-	-	-	46,807	15,149	2024
2021 Ford F-250 SD (pct2)	2.96%	-	46,807	-	-	-	46,807	15,149	2024
2 Cat 12M3 Graders	5.35%	365,970	-	44,323	19,579	-	321,647	46,694	2023
Wheel Excavator	3.35%	245,961	-	27,725	8,774	-	218,236	27,993	2025
2021 Mack Pinnacle	2.96%	-	122,895	-	-	-	122,895	39,774	2024

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2021 Ford F-250 SD (pct 2)	2.96%	-	46,807	-	-	-	46,807	15,149	2024
2021 Ford F-350 SD (pct 3)	2.96%	-	52,977	-	-	-	52,977	17,145	2024
Motor Grader	3.20%	211,139	-	31,281	10,777	-	179,858	32,860	2023
2020 Peterbilt 348 Truck	3.04%	122,948	-	39,758	3,749	-	83,190	40,970	2023
2019 Kenworth T880	4.18%	44,102	-	43,817	1,891	(285)	-	-	2021
		\$ 1,962,097	\$ 620,566	\$ 657,512	\$ 88,274	\$ (871)	\$ 1,924,280	\$ 734,473	

Debt is secured by the equipment and assets. The above schedule includes copy machine leases.

Debt services requirements to maturity are as follows:

Year	Principal	Interest	Total
2022	734,472	81,404	815,876
2023	796,373	50,122	846,495
2024	259,493	14,419	273,912
2025	133,942	5,817	139,759
<u>\$ 1,924,280</u>			<u>\$ 2,076,042</u>

The Public Facilities Corporation revenue bonds outstanding were settled with the bondholders in 2021. The bonds were issued in 2002 at a range of 7% to 8% interest rate payable over 17 years. The bonds were callable after 2019; however, the Corporation defaulted in its obligation and entered into a settlement agreement with the bondholders.

Debt Service Requirements - 2002 Revenue Bonds

Year	Bonds Outstanding	Interest	Ending Balance
2021	\$ 9,490,000	\$ 3,962,800	\$ 13,452,800
Settlement - Note 1	(9,490,000)	(3,962,800)	(13,452,800)
Total	\$ -	\$ -	\$ -

Individual Interfund Transactions

Transfers are as follows:

Fund	Transfers In	Transfers Out
Distribution Fund	\$ 1,320,334	\$ -
General	1,390,328	2,377,624
Prison Guard Detail	-	-
Enterprise Fund Correctional Facility	-	-
Road & Bridge - General	24,014	1,415,000
Road & Bridge Pct. 1	660,209	74,565
Road & Bridge Pct.2	315,000	-
Road & Bridge Pct. 3	457,743	45,707
Road & Bridge Pct. 4	400,565	-
VAW Grant	22,700	-
Commissioners Special Pct. 1	109,860	-
Commissioners Special Pct. 2	304,245	-
Commissioners Special Pct. 3	507,984	54,245
Commissioners Special Pct. 4	556,091	-
Solid Waste Disposal	285,707	-
Voter Registration	57,124	-
Library	151,550	-
Historical Operating	41,250	-
Historical Book Fund	-	-
Powell Hotel Fund	-	-
Hazard Mitigation Grant	305,477	1,140,597

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Courthouse Emergency Grant	-	-
FEMA	266,536	1,263,147
TDRA Grant	291,586	495,651
Technology Fund	5,000	200
Federal Forest Fund	-	3,212
Debt Service	-	603,355
	<u>\$ 7,473,303</u>	<u>\$ 7,473,303</u>

Interfund transfers are generally utilized to accomplish budgetary goals for various services and functions of the County including debt service. During 2021, transfers in excess of budget were made due to recent hurricanes and significant rainfall, primarily in South Newton County.

NOTE 4 - Other Information

Risk Management and Litigation

The County is exposed to various risks of losses related to torts, theft of, damage to and destruction of fixed assets; errors and omissions; injuries to employees; and natural disasters.

The County has obtained commercial insurance coverage for these risks and provided various employee education and prevention programs.

There have been no significant reductions in insurance from the prior year. The liabilities for claims have not changed since last year. There have been no settlements in excess of coverage in the past three years. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience. Claims liabilities include specific, incremental claim adjustment expenses, allocated loss adjustment expenses, and are reduced for estimated recoveries on unsettled claims such as salvage or subrogation.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County’s counsel that resolution of these matters will not have a material effect on the financial condition of the government.

Commitments and Contingencies

The County participates in grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired.

In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 5 – Retirement Plan

Plan Description -

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

- a. Newton County participates in the Texas County and District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 1. All full-and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 2. The plan provides retirement, disability and survivor benefits.
 3. TCDRS is a savings-based plan. For the County’s plan, 7% of each employee’s pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 170%) and is then converted to an annuity.
 4. There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 5. Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county’s contribution rate is calculates annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The newton County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contributions rates are set by the county and are currently 7%. Contributions to the pension plan from the count for 2017 are shown in the Schedule of Employer Contributions.
- e. The most resent comprehensive annual financial report for TCDRS can be found at the following link, www.tdrs.org.

Membership Information

Members	December 31, 2020	December 31, 2021
Number of inactive employees entitled to but not yet receiving benefits	112	116
Number of active employees	118	115
Average monthly salary*	\$2,922	\$2,855
Average age*	52.60	51.90
Average length of service in years*	7.64	8.00
<u>Inactive Employees (or their Beneficiaries) Receiving Benefits</u>		
Number of benefit recipients:	61	70
Average monthly benefit:	\$879	\$863

**Averages reported for all active employees. They differ from the prior year's report, which included all active and inactive employees. Average service includes all proportionate service.*

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of December 31, 2021, Newton County reported a net pension liability / (asset) of \$(2,024,216). The net pension liability / (asset) was determined by an actuarial valuation as of December 31, 2021. Newton County's net pension liability was based on a projection of the county's long-term share of contributions to the pension plan relative to projected contributions of all employers, actuarially determined.

For the year ended December 31, 2021, Newton County recognized pension expense of \$327,231. At December 31, 2021, Newton County reported deferred outflows and inflows of resources as follows:

Deferred Outflows - \$316,161
Deferred Inflows – \$2,098,326

Actuarial Methods and Assumptions Used for GASB Calculations

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2021 funding valuation (see Appendix C, following for details), except as noted below and throughout this report. Please see the Newton County December 31, 2021 Summary Valuation report for further details.

Following are the key assumptions and methods used in this GASB analysis.

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal ⁽¹⁾
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as funding valuation: See Appendix C
Salary Increases	Same as funding valuation: See Appendix C
Investment Rate of Return	7.60%

Cost-of-living Adjustments

Cost-of-Living Adjustments for Newton County are not considered to be substantively automatic under GASB 68. Therefore, no assumptions for future cost-of-living adjustment is included in the GASB calculations. No Assumption for future cost-of-living adjustments is included in the funding valuation.

Retirement Age

Same as funding valuation: See Appendix C

Turnover

Same as funding valuation: See Appendix C

Mortality

Same as funding valuation: See Appendix C

- (1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.
- (2) Actuarial Methods and Assumptions Used for Funding Valuation – Except where indicated in the section of GASB 68 report entitled “Actuarial Methods and Assumptions Used for GASB Calculations”, the assumptions used in this analysis for the December 31, 2021 financial reporting metrics are the same as those used in the December 31, 2021 actuarial valuation analysis for Newton County.

The following is a description of the assumptions used in the December 31, 2021 actuarial valuation analysis for Newton County. This information may also be found in the Newton County December 31, 2021 Summary Valuation report.

Appendix C
Economic Assumptions

TCDRS system-wide economic assumptions:

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

The assumed long-term investment return of 7.5% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.5% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	3.00%

The payroll growth assumption is for the aggregate covered payroll of an employer.

Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan’s fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1) calculated using the municipal bond rate.

	December 31, 2021	December 31, 2020
Discount rate ⁽²⁾	8.10%	7.60%
Long-term expected rate of return, net of investment expense ⁽²⁾	8.10%	7.60%
Municipal bond rate ⁽³⁾	Does not apply	Does not apply
⁽²⁾ <i>this rate reflects the long-term rate of return funding valuation assumption of 7.5%, plus 0.10% adjustment to be gross of administrative expense as required by GASB 68.</i>		
⁽³⁾ <i>the plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply. See page 6 of this report for further details.</i>		

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefits payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20 year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan’s fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method

reflects the funding requirements under the employer’s funding policy and the legal requirements under the TCDRS Act.

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
- 2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
- 3) The employer’s assets are projected to exceed its actuarial liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

As additional documentation for auditing purposes, we have shown the projection of the Fiduciary Net Position in the following exhibit (“Projection of Fiduciary Net Position”).

Projection of Fiduciary Net Position*						
Calendar Year Ending**	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments	Projected Administrative Expenses***	Projected Investment Earnings	Projected Ending Fiduciary Net Position
	(a)	(b)	(c)	(d)	(e)	(a)+(b)-(c)-(d)+(e)
2022	\$ 16,969,136	\$ 604,530	\$ 827,719	\$ 16,969	\$ 1,280,695	\$ 18,009,673
2023	18,009,673	544,424	884,867	18,010	1,355,363	19,006,583
2024	19,006,583	512,215	944,858	19,007	1,427,652	19,982,585
2025	19,982,585	476,319	1,046,556	19,983	1,496,659	20,889,024
2026	20,889,025	440,746	1,115,838	20,889	1,561,603	21,754,647
2027	21,754,647	422,181	1,156,804	21,755	1,625,137	22,623,406
2028	22,623,407	399,993	1,200,442	22,623	1,688,675	23,489,010
2029	23,489,009	372,152	1,271,407	23,489	1,750,742	24,317,007
2030	24,317,008	350,651	1,345,847	24,317	1,810,060	25,107,555
2031	25,107,555	333,511	1,414,335	25,108	1,866,918	25,868,541
2040	32,365,535	254,281	1,778,599	32,366	2,401,710	33,210,561
2050	42,751,025	243,610	1,898,388	42,751	3,185,753	44,239,249
2060	65,256,295	293,715	1,535,852	65,256	4,910,707	68,859,609
2070	120,469,654	388,093	877,211	120,470	9,132,954	128,993,020
2080	244,857,906	521,140	394,807	244,858	18,604,779	263,344,160
2090	509,041,797	700,369	118,438	509,042	38,689,896	547,804,582
2100	1,059,450,461	941,237	10,060	1,059,450	80,513,450	1,139,835,638

* Projection values include no assumption for future cost-of-living adjustments. Fiduciary Net Position is projected to be positive for all future years.

EXHIBIT J
NOTES TO THE FINANCIAL STATEMENTS

** Administrative expenses are assumed to be 0.10% of Fiduciary Net Position

Sensitivity Analysis

The following presents the net pension liability of the county, calculated using the discount rate of 7.60% as well as what the Newton County net position liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Increase 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 16,847,376	\$ 14,944,920	\$ 13,350,220
Fiduciary net position	16,969,136	16,969,136	16,969,136
Net pension liability/asset	\$ (121,760)	\$ (2,024,216)	\$ (3,618,916)

Pension Plan Fiduciary Net Position

Changes in Net Pension Liability / Asset

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2020	\$ 14,364,658	\$ 14,067,654	\$ 297,004
Changes for the year:			
Service Cost	561,073	-	561,073
Interest on pension liability (1)	1,103,653	-	1,103,653
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(184,390)	-	(184,390)
Effect of assumptions changes or inputs	(77,039)	-	(77,039)
Refund of Contributions	(151,789)	(151,789)	-
Benefit Payments	(671,246)	(671,246)	-
Administrative expenses	-	(9,180)	9,180
Member contributions	-	300,301	(300,301)
Net investment income	-	3,071,556	(3,071,556)
Employer contributions	-	362,506	(362,506)
Other (3)	0	(665)	665
Balances as of December 31, 2021	\$ 14,944,920	\$ 16,969,137	\$ (2,024,217)

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge interest or fees.

(2) No plan changes valued.

(3) Relates to allocation of system-wide items.

NOTE 6 – Related Party Transactions

The County contracted with Ponthier, LLC to purchase computer hardware and provide IT services. The company is owned by spouse of the County’s current District Attorney. For the year ended December 31, 2021, the County paid \$1,517 for the purchase of computer software and \$8,000 for monthly contracted IT specialist support, for a total of \$9,517. This related party transaction represents a possible conflict of interest within the scope of the Texas Local Government Code, Chapter 171, “Conflict of Interest Statute.” At year-end, December 31, 2021, the County no longer has an agreement or contract with Ponthier, LLC.

RELATED PARTY GRANT PARTICIPATION

Tommy and Laura Thompson, son and daughter-in-law of Commissioner Wesley (Gene) Thompson, participated in a Hazard Mitigation Grant (DR-4223-056) in the amount of \$232,225.22. The purpose of the grant is to purchase property located in a flood zone.

NOTE 7 – PRIOR PERIOD ADJUSTMENT

An adjustment was made to account for grant funds due to grantors at year-end December 31, 2020.

	Fund 68	Fund 72	Total
Balance at December 31, 2020, as previously reported	\$ 1,146,053	\$ 874,595	\$2,020,648
Prior period adjustment for:			
Due to Grantors at December 31, 2020	(768,409)	(31,211)	(799,620)
Balance at December 31, 2020, as restated	\$ 377,644	\$ 843,384	\$1,221,028

NOTE 8 – SUBSEQUENT EVENTS

Events occurring subsequent to December 31, 2021 were evaluated by management and reviewed through August 2, 2023, the date of report issuance. The following subsequent events were noted.

COVID-19 VIRUS

On March 13, 2020, the Governor of the State of Texas issued a Public Health Disaster Order for all Texas counties limiting business and commerce to essential services only in response to COVID-19. On April 27, 2020, the Governor issued Executive Orders outlining a 4 phased plan to allow for the reopening of business and commerce in the State. The Public Health Order was extended on January 15, 2023 to May 11, 2023. The social and economic impact of this public disaster is unknown as of the date of this report.

AGREED JUDGEMENT – NEWTON COUNTY APPRASAIL DISTRICT - TAXABLE VALUE OF PROPERTY

A tax litigation suit was brought by Plaintiff challenging the Defendants (Newton County Appraisal District) valuation of Plaintiff's property. Plaintiff and Defendant entered into an Agreed Judgement whereby settlement was reached regarding the appraised value of the property. Newton County, having an interest in the taxable value and prior tax paid to the County by the Defendant, is liable for the County's portion of Plaintiff's prior tax paid. The agreement calls for the refund of prior taxes paid to be paid 50% in 2021 and 25% in subsequent years 2022 and 2023.

REQUESTS FOR REIMBURSEMENT OF INELIGIBLE COST

The County received notice from the Texas Department of Emergency Management that there was \$799,620 of grant money received by the County that was not supported by proper documentation from prior year projects (DR-1791-TX/0136, DR-1791-TX-0137, Fund 68) and (DR-4266-011, Fund 72). This amount is included as a liability in the County's financial statements as well as referenced in above in Note #7 as a prior period adjustment. The County has received an extension of time to submit additional documentation to justify the expenditures. At the date of this report, the amount of reimbursement to the County, if any, is unknown.

The County received an additional notice from the Texas Department of Emergency Management that there is possibility that an additional amount of grant money may be due the Texas Department of Emergency Management from prior year projects. As of the date of the report, the amount is not known.

**REQUIRED
SUPPLEMENTAL
INFORMATION**

NEWTON COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2021

	Schedule of Changes in Net Pension Liability and Related Ratios													
	Year ended December 31													
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability														
Service Cost	\$ 561,073	\$ 410,846	\$ 361,769	\$ 369,897	\$ 355,450	\$ 400,458	\$ 366,497	\$ 356,677	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	1,103,653	1,032,386	959,003	909,307	850,736	792,498	754,382	705,683	N/A	N/A	N/A	N/A	N/A	N/A
Effect on plan changes	-	-	-	-	-	-	(45,725)	-	N/A	N/A	N/A	N/A	N/A	N/A
Effect on assumption changes or inputs	(77,039)	787,169	-	-	64,619	-	125,075	-	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	(184,390)	161,316	183,368	(101,536)	(49,448)	(106,848)	(323,707)	63,562	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(823,035)	(709,623)	(587,276)	(525,939)	(499,957)	(551,531)	(471,101)	(407,319)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total pension liability	580,262	1,682,094	916,864	651,729	721,400	534,577	402,422	718,603	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability - beginning	14,364,658	12,682,564	11,765,700	11,113,971	10,392,571	10,392,571	9,455,572	8,736,969	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability - ending (a)	\$ 14,944,920	\$ 14,364,658	\$ 12,682,564	\$ 11,765,700	\$ 11,113,971	\$ 10,392,571	\$ 9,857,994	\$ 9,455,572	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary Net Position														
Employer Contributions	\$ 362,506	\$ 368,882	\$ 289,784	\$ 264,855	\$ 250,532	\$ 248,048	\$ 243,170	\$ 241,137	N/A	N/A	N/A	N/A	N/A	N/A
Member Contributions	300,301	305,579	239,755	219,405	207,542	205,485	201,439	199,756	N/A	N/A	N/A	N/A	N/A	N/A
Investment income net of investment expenses	3,071,556	1,321,380	1,814,007	(211,124)	1,446,072	689,044	(8,658)	607,206	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments/refunds of contributions	(823,035)	(709,623)	(587,276)	(525,939)	(499,957)	(551,531)	(471,101)	(407,319)	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(9,180)	(10,294)	(9,748)	(8,872)	(7,520)	(7,493)	(6,762)	(7,053)	N/A	N/A	N/A	N/A	N/A	N/A
Other	(665)	185	(818)	(106)	(632)	7,241	(115,540)	9,979	N/A	N/A	N/A	N/A	N/A	N/A
Net change in fiduciary net pension	2,901,483	1,276,109	1,745,704	(261,781)	1,396,037	590,794	(157,451)	643,705	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net pension - beginning	14,067,654	12,791,545	11,045,841	11,307,622	9,911,585	9,320,792	9,478,243	8,834,537	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net pension - ending	\$ 16,969,137	\$ 14,067,654	\$ 12,791,545	\$ 11,045,841	\$ 11,307,622	\$ 9,911,585	\$ 9,320,792	\$ 9,478,243	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability/asset = (a) - (b)	\$ (2,024,216)	\$ 297,004	\$ (108,981)	\$ 719,858	\$ (193,651)	\$ 480,986	\$ 537,202	\$ (22,671)	N/A	N/A	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	113.54%	97.93%	100.86%	93.88%	101.74%	95.37%	94.55%	100.24%	N/A	N/A	N/A	N/A	N/A	N/A
Pensionable covered payroll	\$ 4,290,012	\$ 4,365,408	\$ 3,245,068	\$ 3,134,361	\$ 2,964,890	\$ 2,935,500	\$ 2,877,707	\$ 2,853,654	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a % of covered payroll	-47.18%	6.80%	-3.18%	22.97%	-6.53%	16.39%	18.67%	-0.79%	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

NEWTON COUNTY, TEXAS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 DECEMBER 31, 2021

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contributions (1)	Actual Employer Contributions (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2007	109,746	145,497	(35,751)	2,078,523	7.00%
2008	127,409	161,863	(34,454)	2,312,322	7.00%
2009	145,122	171,597	(23,475)	2,451,383	7.00%
2010	188,596	188,596	-	2,641,403	7.10%
2011	200,252	200,252	-	2,684,362	7.50%
2012	211,586	211,286	-	2,751,126	7.70%
2013	218,306	218,306	-	2,695,144	8.10%
2014	241,137	241,137	-	2,853,654	8.50%
2015	230,217	243,170	(12,954)	2,877,707	8.50%
2016	235,721	248,048	(12,327)	2,935,500	8.40%
2017	224,739	250,532	(25,793)	2,964,890	8.40%
2018	236,017	264,855	(28,838)	3,134,361	8.50%
2019	248,660	289,784	(41,124)	3,425,068	8.50%
2020	326,096	368,882	(42,786)	4,365,408	8.50%
2021	323,038	362,506	(39,468)	4,290,012	8.40%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis. If additional assistance is needed, please contact TCDRS..

(2) Payroll is calculated based on contributions as reported to TCDRS.

NON-MAJOR GOVERNMENTAL
FUNDS

NEWTON COUNTY, TEXAS
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2021

Exhibit M

	14	19	21	22	23	24	25	29	30	31	32	33
	Prison Guard Detail	District Attorney State Fund	Road & Bridge Pct 1	Road & Bridge Pct 2	Road & Bridge Pct 3	Road & Bridge Pct 4	Courthouse Security	VAW Grant	Right Of Way	Commissioner Spec Pct 1	Commissioner Spec Pct 2	Commissioner Spec Pct 3
<u>Assets</u>												
Cash and Cash Equivalents	\$ -	\$ 24,437	\$ 112,471	\$ 169,896	\$ 29,296	\$ 89,776	\$ 94,406	\$ 86	\$ 203,202	\$ 427,167	\$ 622,682	\$ 80,463
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expense	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	555	-	-	-	-	-	-	667	667	667
Total Assets	\$ -	\$ 24,437	\$ 113,026	\$ 169,896	\$ 29,296	\$ 89,776	\$ 94,406	\$ 86	\$ 203,202	\$ 427,834	\$ 623,349	\$ 81,130
<u>Liabilities</u>												
Accounts Payable	-	25	-	246	240	528	79	104	-	18,498	42,002	8,642
Accrued Vacation/Comp Time	-	-	3,497	4,887	1,398	9,079	-	-	-	-	-	-
Total Liabilities	-	25	3,497	5,133	1,638	9,607	79	104	-	18,498	42,002	8,642
<u>Fund Balance</u>												
Unassigned	-	24,412	109,529	164,763	27,658	80,169	94,327	(17)	203,202	409,336	581,347	72,488
Total Fund Balance	-	24,412	109,529	164,763	27,658	80,169	94,327	(17)	203,202	409,336	581,347	72,488
Total Liabilities and Fund Balance	\$ -	\$ 24,437	\$ 113,026	\$ 169,896	\$ 29,296	\$ 89,776	\$ 94,406	\$ 87	\$ 203,202	\$ 427,834	\$ 623,349	\$ 81,130

The accompanying notes are an integral part of this financial statement.

NEWTON COUNTY, TEXAS
 Combining Balance Sheet
 Non-Major Governmental Funds
 December 31, 2021

Exhibit M

	34	36	37	38	39	40	41	42	43	44	48	50
	Commissioner Spec Pct 4	Dedicated Road Pct 1	Dedicated Road Pct 2	Dedicated Road Pct 3	Dedicated Road Pct 4	Record Preservation	Lateral Road Pct 1	Lateral Road Pct 2	Lateral Road Pct 3	Lateral Road Pct 4	Sheriff Contraband	Solid Waste Disposal
<u>Assets</u>												
Cash and Cash Equivalents	\$ 604,863	\$ 87,907	\$ 81,474	\$ 18,104	\$ 86,743	\$ 191,012	\$ 33,793	\$ 49,966	\$ 11,453	\$ 40,433	\$ 20,835	\$ 8,759
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expense	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	667	95	95	95	95	-	-	-	-	-	-	3,805
Total Assets	<u>\$ 605,530</u>	<u>\$ 88,002</u>	<u>\$ 81,569</u>	<u>\$ 18,199</u>	<u>\$ 86,838</u>	<u>\$ 191,012</u>	<u>\$ 33,793</u>	<u>\$ 49,966</u>	<u>\$ 11,453</u>	<u>\$ 40,433</u>	<u>\$ 20,835</u>	<u>\$ 12,564</u>
<u>Liabilities</u>												
Accounts Payable	166,040	-	4,627	-	-	383	-	-	-	-	97	10,648
Accrued Vacation/Comp Time	-	-	-	-	-	-	-	-	-	-	-	2,480
Total Liabilities	<u>166,040</u>	<u>-</u>	<u>4,627</u>	<u>-</u>	<u>-</u>	<u>383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97</u>	<u>13,128</u>
<u>Fund Balance</u>												
Unassigned	439,490	88,002	76,942	18,199	86,838	190,629	33,793	49,966	11,453	40,433	20,738	(564)
Total Fund Balance	<u>439,490</u>	<u>88,002</u>	<u>76,942</u>	<u>18,199</u>	<u>86,838</u>	<u>190,629</u>	<u>33,793</u>	<u>49,966</u>	<u>11,453</u>	<u>40,433</u>	<u>20,738</u>	<u>(564)</u>
Total Liabilities and Fund Balance	<u>\$ 605,530</u>	<u>\$ 88,002</u>	<u>\$ 81,569</u>	<u>\$ 18,199</u>	<u>\$ 86,838</u>	<u>\$ 191,012</u>	<u>\$ 33,793</u>	<u>\$ 49,966</u>	<u>\$ 11,453</u>	<u>\$ 40,433</u>	<u>\$ 20,835</u>	<u>\$ 12,564</u>

The accompanying notes are an integral part of this financial statement.

NEWTON COUNTY, TEXAS
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2021

Exhibit M

	51	52	53	55	56	58	59	60	66	67	80	88
	Voter Registration	Law Library	Newton Co Library	Historical Operating	Historical Book Fund	Dist Attny Hot Check	Dist Attny Contraband	Powell Hotel Fund	Records Management	Pretrial Diversion	Civic Center Operations	State Fee Account
<u>Assets</u>												
Cash and Cash Equivalents	\$ 16,452	\$ 15,947	\$ 285	\$ 156	\$ -	\$ 3,059	\$ 16,302	\$ -	\$ 10,997	\$ 40,417	\$ 1,842	\$ 27,864
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expense	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	40	-	-	1,248	-	-	-	-	-	-	-	10
Total Assets	\$ 16,492	\$ 15,947	\$ 285	\$ 1,404	\$ -	\$ 3,059	\$ 16,302	\$ -	\$ 10,997	\$ 40,417	\$ 1,842	\$ 27,874
<u>Liabilities</u>												
Accounts Payable	76	-	4,796	237	-	-	-	-	-	-	187	27,874
Accrued Vacation/Comp Time	3,777	-	2,042	2,958	-	-	-	-	-	-	-	-
Total Liabilities	3,853	-	6,838	3,195	-	-	-	-	-	-	187	27,874
<u>Fund Balance</u>												
Unassigned	12,639	15,947	(6,553)	(1,791)	-	3,059	16,302	-	10,997	40,417	1,655	-
Total Fund Balance	12,639	15,947	(6,553)	(1,791)	-	3,059	16,302	-	10,997	40,417	1,655	-
Total Liabilities and Fund Balance	\$ 16,492	\$ 15,947	\$ 285	\$ 1,404	\$ -	\$ 3,059	\$ 16,302	\$ -	\$ 10,997	\$ 40,417	\$ 1,842	\$ 27,874

The accompanying notes are an integral part of this financial statement.

NEWTON COUNTY, TEXAS
 Combining Balance Sheet
 Non-Major Governmental Funds
 December 31, 2021

Exhibit M

	92	93	97	Total
	Justice Court Technology	Federal Forest Fund	Debt Service	Nonmajor Governmental Funds
<u>Assets</u>				
Cash and Cash Equivalents	\$ 2,197	\$ 21,733	\$ 66,448	\$ 3,312,923
Investments	-	-	-	-
Prepaid Expense	-	-	-	-
Accounts Receivable	-	-	96,606	\$ 105,312
Total Assets	<u>\$ 2,197</u>	<u>\$ 21,733</u>	<u>\$ 163,054</u>	<u>\$ 3,418,235</u>
<u>Liabilities</u>				
Accounts Payable	50	-	-	285,379
Accrued Vacation/Comp Time	-	-	-	30,118
Total Liabilities	<u>50</u>	<u>-</u>	<u>-</u>	<u>315,497</u>
<u>Fund Balance</u>				
Unassigned	2,147	21,733	163,054	3,102,739
Total Fund Balance	<u>2,147</u>	<u>21,733</u>	<u>163,054</u>	<u>3,102,739</u>
Total Liabilities and Fund Balance	<u>\$ 2,197</u>	<u>\$ 21,733</u>	<u>\$ 163,054</u>	<u>\$ 3,418,236</u>

The accompanying notes are an integral part of this financial statement.

NEWTON COUNTY, TEXAS
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Non-Major Governmental Funds
 for the year ended December 31, 2021

Exhibit N

	14	19	21	22	23	24	25	29	30	31	32	33
	Prison Guard Detail	Dist. Attny State Fund	Road & Bridge Pct 1	Road & Bridge Pct 2	Road & Bridge Pct 3	Road & Bridge Pct 4	Courthouse Security	VAW Grant	Right of Way	Commissioner Spec Pct 1	Commissioner Spec Pct 2	Commissioner Spec Pct 3
<u>Revenue</u>												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,465	\$ 203,466	\$ 203,466
Intergovernmental	-	27,500	-	-	-	-	5,013	-	-	-	-	-
Fines and Fees	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	270	1,461	2,295	857	1,228	948	42	527	4,909	7,827	1,435
Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	18,539	-	-	-	-
Total Revenue	-	27,770	1,461	2,295	857	1,228	5,961	18,581	527	208,374	211,293	204,901
<u>Expenditures</u>												
Current												
General Administration	-	-	-	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	26,999	-	-	-	-	-	62,572	-	-	-	-
Public Facilities	-	-	-	-	-	-	6,045	-	-	235,541	252,407	549,905
Public Safety	-	-	258,585	342,485	360,671	269,243	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Principle Payment	-	-	288,435	-	72,048	71,039	-	-	-	-	-	-
Interest Expense	-	-	18,411	-	28,353	14,526	-	-	-	-	-	-
Capital Outlay	-	-	46,807	46,807	222,679	-	-	-	-	-	421,755	-
Total Expenditures	-	26,999	612,238	389,292	683,751	354,808	6,045	62,572	-	235,541	674,162	549,905
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	771	(610,777)	(386,997)	(682,894)	(353,580)	(84)	(43,991)	527	(27,167)	(462,869)	(345,004)
<u>Other Financing Sources (Uses)</u>												
Transfers In	-	-	660,209	315,000	457,743	400,565	-	22,700	-	109,860	304,245	507,984
Transfers In (Out)	-	-	(74,565)	-	(45,707)	-	-	-	-	-	-	(54,245)
Issuance of Debt	-	-	46,807	46,807	222,679	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	632,451	361,807	634,715	400,565	-	22,700	-	109,860	304,245	453,739
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	771	21,674	(25,190)	(48,179)	46,985	(84)	(21,291)	527	82,693	(158,624)	108,735
Fund Balance As Previously Reported	-	23,641	87,855	189,953	75,837	33,184	94,411	21,274	202,675	326,643	739,971	(36,247)
Prior Period Adjustment - Note 7	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, as Restated	-	23,641	87,855	189,953	75,837	33,184	94,411	21,274	202,675	326,643	739,971	(36,247)
Fund Balance end of year	\$ -	\$ 24,412	\$ 109,529	\$ 164,763	\$ 27,658	\$ 80,169	\$ 94,327	\$ (17)	\$ 203,202	\$ 409,336	\$ 581,347	\$ 72,488

The accompanying notes are an integral part of these financial statements.

NEWTON COUNTY, TEXAS
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Non-Major Governmental Funds
 for the year ended December 31, 2021

Exhibit N

	34	36	37	38	39	40	41	42	43	44	48	50
	Commissioner Spec Pct 4	Dedicated Road Pct 1	Dedicated Road Pct 2	Dedicated Road Pct 3	Dedicated Road Pct 4	Record Preservation	Lateral Road Pct 1	Lateral Road Pct 2	Lateral Road Pct 3	Lateral Road Pct 4	Sheriff Contraband	Solid Waste Disposal
<u>Revenue</u>												
Taxes	\$ 203,465	\$ 29,066	\$ 29,066	\$ 29,066	\$ 29,066	\$ -	\$ 6,728	\$ 6,728	\$ 6,728	\$ 6,728	\$ -	\$ -
Intergovernmental	-	-	-	-	-	49,194	-	-	-	-	-	55,872
Fines and Fees	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Interest	6,246	931	855	269	924	1,682	285	459	62	366	200	239
Other Revenue	-	-	-	-	-	-	-	-	-	-	10,297	6,683
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	209,711	29,997	29,921	29,335	29,990	50,876	7,013	7,187	6,790	7,094	10,497	62,794
<u>Expenditures</u>												
Current												
General Administration	-	-	-	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-	-
Public Facilities	516,193	13,378	25,646	14,452	10,702	9,295	-	2,410	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	3,314	6,073	-
Health and Welfare	-	-	-	-	-	-	-	-	-	-	-	291,844
Conservation	-	-	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Principle Payment	-	-	-	-	-	3,672	-	-	-	-	-	43,816
Interest Expense	-	-	-	-	-	923	-	-	-	-	-	1,891
Capital Outlay	7,014	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	523,207	13,378	25,646	14,452	10,702	13,890	-	2,410	-	3,314	6,073	337,551
Excess (Deficiency) of Revenues Over (Under) Expenditures	(313,496)	16,619	4,275	14,883	19,288	36,986	7,013	4,777	6,790	3,780	4,424	(274,757)
<u>Other Financing Sources (Uses)</u>												
Transfers In	556,091	-	-	-	-	-	-	-	-	-	-	285,708
Transfers In (Out)	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	556,091	-	-	-	-	-	-	-	-	-	-	285,708
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	242,595	16,619	4,275	14,883	19,288	36,986	7,013	4,777	6,790	3,780	4,424	10,951
Fund Balance As Previously Reported	196,895	71,383	72,667	3,316	67,550	153,643	26,780	45,189	4,663	36,653	16,314	(11,515)
Prior Period Adjustment - Note 7	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, as Restated	196,895	71,383	72,667	3,316	67,550	153,643	26,780	45,189	4,663	36,653	16,314	(11,515)
Fund Balance end of year	\$ 439,490	\$ 88,002	\$ 76,942	\$ 18,199	\$ 86,838	\$ 190,629	\$ 33,793	\$ 49,966	\$ 11,453	\$ 40,433	\$ 20,738	\$ (564)

The accompanying notes are an integral part of these financial statements.

NEWTON COUNTY, TEXAS
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Non-Major Governmental Funds
 for the year ended December 31, 2021

Exhibit N

	51	52	53	55	56	58	59	60	66	67	80	88
	Voter Registration	Law Library	Newton Co Library	Historical Operating	Historical Book Fund	Dist Attny Hot Ck Fund	Dist Attny Contraband	Powell Hotel Fund	Records Management	Pretrial Diversion	Civic Center Operations	State Fee Acct.
<u>Revenue</u>												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	5,465	-	-	-	-	-	-	-	-	-	-
Fines and Fees	-	-	-	-	-	-	-	-	1,379	3,000	-	-
Miscellaneous	-	-	-	6,202	-	-	-	-	-	-	-	-
Interest	409	127	673	142	-	30	115	-	106	381	24	-
Other Revenue	80	-	6,081	2,092	-	-	10,055	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	489	5,592	6,754	8,436	-	30	10,170	-	1,485	3,381	24	-
<u>Expenditures</u>												
Current												
General Administration	50,872	-	-	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	700	-	2,929	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-	-
Public Facilities	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	160,366	50,326	-	-	-	-	-	-	572	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Principle Payment	-	-	1,656	1,374	-	-	-	-	-	-	-	-
Interest Expense	-	-	425	726	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	50,872	-	162,447	52,426	-	-	700	-	2,929	-	572	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,383)	5,592	(155,693)	(43,990)	-	30	9,470	-	(1,444)	3,381	(548)	-
<u>Other Financing Sources (Uses)</u>												
Transfers In	57,124	-	151,550	41,250	-	-	-	-	-	-	-	-
Transfers In (Out)	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	57,124	-	151,550	41,250	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	6,741	5,592	(4,143)	(2,740)	-	30	9,470	-	(1,444)	3,381	(548)	-
Fund Balance As Previously Reported	5,898	10,355	(2,410)	949	-	3,029	6,832	-	12,441	37,036	2,203	-
Prior Period Adjustment - Note 7	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, as Restated	5,898	10,355	(2,410)	949	-	3,029	6,832	-	12,441	37,036	2,203	-
Fund Balance end of year	\$ 12,639	\$ 15,947	\$ (6,553)	\$ (1,791)	\$ -	\$ 3,059	\$ 16,302	\$ -	\$ 10,997	\$ 40,417	\$ 1,655	\$ -

The accompanying notes are an integral part of these financial statements.

NEWTON COUNTY, TEXAS
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Non-Major Governmental Funds
 for the year ended December 31, 2021

Exhibit N

	92	93	97	Total Nonmajor Governmental Funds
	Justice Court Technology	Federal Forest Fund	Debt Service	
<u>Revenue</u>				
Taxes	\$ -	\$ -	\$ 620,629	\$ 1,577,667
Intergovernmental	-	21,733	-	164,777
Fines and Fees	5,165	-	-	9,544
Miscellaneous	-	-	-	6,202
Interest	16	-	2,172	38,512
Other Revenue	-	-	-	35,288
Grants	-	-	-	18,539
Total Revenue	<u>5,181</u>	<u>21,733</u>	<u>622,801</u>	<u>1,850,529</u>
<u>Expenditures</u>				
Current				
General Administration	-	-	-	50,872
Judicial	-	-	-	3,629
Legal	10,140	-	-	99,711
Public Facilities	-	-	-	1,635,974
Public Safety	-	-	-	1,240,371
Health and Welfare	-	-	-	291,844
Conservation	-	3,212	-	3,212
Culture and Recreation	-	-	-	211,264
Debt Service	-	-	-	-
Principle Payment	2,804	-	-	484,844
Interest Expense	1,676	-	-	66,931
Capital Outlay	-	-	-	745,062
Total Expenditures	<u>14,620</u>	<u>3,212</u>	<u>-</u>	<u>4,833,714</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,439)</u>	<u>18,521</u>	<u>622,801</u>	<u>(2,983,185)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	5,000	-	-	3,875,029
Transfers In (Out)	(200)	(3,212)	(603,355)	(781,284)
Issuance of Debt	-	-	-	316,293
Total Other Financing Sources (Uses)	<u>4,800</u>	<u>(3,212)</u>	<u>(603,355)</u>	<u>3,410,038</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(4,639)</u>	<u>15,309</u>	<u>19,446</u>	<u>426,853</u>
Fund Balance As Previously Reported	6,786	6,424	143,608	2,675,886
Prior Period Adjustment - Note 7	-	-	-	-
Fund Balance, as Restated	<u>6,786</u>	<u>6,424</u>	<u>143,608</u>	<u>2,675,886</u>
Fund Balance end of year	<u>\$ 2,147</u>	<u>\$ 21,733</u>	<u>\$ 163,054</u>	<u>\$ 3,102,739</u>

The accompanying notes are an integral part of these financial statements.

SINGLE AUDIT SECTION

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

To the Commissioners of
the County of Newton, Texas

Report on Compliance for Each Major Federal Program

We have audited the County of Newton, Texas’ compliance with the types of compliance requirements described in the *OMB Compliance Supplement and Texas Uniform Grant Management Standards* that could have a direct and material effect on each of the County of Newton, Texas’ major federal programs for the year ended December 31, 2021. The County of Newton, Texas’ major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County of Newton, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Texas Uniform Grant Management Standards. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County of Newton, Texas and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County of Newton, Texas’ compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County of Newton, Texas’ federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County of Newton, Texas' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County of Newton, Texas' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 County of Newton, Texas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County of Newton, Texas' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County of Newton, Texas' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County of Newton, Texas' response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County of Newton, Texas' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant

deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County of Newton, Texas' response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County of Newton, Texas' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Yours very truly,

Charles E. Reed & Associates, P.C.

Charles E. Reed & Associates, P.C.
Certified Public Accountants and Consultants
Port Arthur, Texas

August 2, 2023

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

To the Commissioners of
the County of Newton, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Newton, Texas, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County of Newton, Texas’s basic financial statements and have issued our report thereon dated August 2, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Newton, Texas’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Newton, Texas’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Newton, Texas’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Newton, Texas’s financial statements are free from material misstatement, we performed tests of its compliance with certain

provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Newton, Texas's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County of Newton, Texas's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County of Newton, Texas's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yours very truly,

Charles E. Reed & Associates, P.C.

Charles E. Reed & Associates, P.C.
Certified Public Accountants and Consultants
Port Arthur, Texas

August 2, 2023

Newton County Texas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Schedule I

	Federal CFDA Number	Grant #	Amount of Award	Amount Expended
<u>National Endowment for the Humanities</u>				
Direct Programs				
Humanities Texas	45.129	SO-268702-20	5,000	2,370
Humanities Texas	45.129	2021-6304	4,800	-
Total National Endowment for the Humanities			9,800	2,370
<u>US Department of Commerce</u>				
Direct Programs				
Economic Development Admin	11.307	08-79-05307	2,070,000	1,749,945
Total U S Department of Commerce			2,070,000	1,749,945
<u>Department of Homeland Security</u>				
<i>Pass through agency: Governors Department of Emergency Management</i>				
Disaster Grant - Public Assistance	97.036	DR 4332-TX	3,028,850	1,013,267
Disaster Grant - Public Assistance	97.036	DR 4266-TX	3,368,173	229,654
Disaster Grant - Public Assistance	97.036	DR 4266-TX	466,650	-
Disaster Grant - Public Assistance	97.036	DR 4572-TX	200,000	-
Disaster Grant - Public Assistance	97.036	DR 4485-TX	19,076	19,076
			7,082,749	1,261,997
<i>Pass through agency: Governors Department of Emergency Management</i>				
Hazard Mitigation Grant	97.039	DR 1791-208	1,347,029	-
Hazard Mitigation Grant	97.039	DR 4223-056	2,330,872	34,770
Hazard Mitigation Grant	97.039	DR 4266-011	5,890,189	677,964
Hazard Mitigation Grant	97.039	DR 4266-002	163,447	-
Hazard Mitigation Grant	97.039	DR 4266-003	62,616	-
Hazard Mitigation Grant	97.039	DR 4332-TX	291,188	163,279
CDBG Disaster Recovery - DR 4332	97.039	20-065-101-C274	1,609,719	323,547
CDBG Disaster Recovery - DR 4332	97.039	20-066-015-C108	8,005,224	200
			19,700,284	1,199,760
<i>Pass through agency: Office of the Governor</i>				
Homeland Security Grant Program	97.067	4258501	14,770	-
Total Department of Homeland Security			26,797,803	2,461,757
<u>Department of Housing and Urban Development</u>				
<i>Pass through agency: Texas General Land Office</i>				
CDBG Mitigation Program	14.228	22-082-018-D220	3,650,654	-
CDBG Disaster Recovery - DR 4223-093	14.269	18-384-000-B093	2,000,000	605,551
CDBG Disaster Recovery - DR 4223-094	14.269	18-385-000-B094	2,000,000	97,409
CDBG Disaster Recovery - DR 4266	14.269	18-533-000-B277	18,035,447	1,041,852
CDBG Disaster Recovery - DR 4266	14.269	18-533-000-B279	9,810,187	371,255
			35,496,288	2,116,067
<i>Pass through agency: Texas Department of Agriculture</i>				
CDBG Disaster Recovery	14.228	7220330	275,000	34,383
Total Department of Housing and Urban Development			35,771,288	2,150,450
<u>Department of Criminal Justice</u>				
<i>Pass through agency: Office of the Governor</i>				
Violence against Women	16.588	WF-18-V30-25592-09	39,337	41,673
Violence against Women	16.588	WF-20-V30-25592-10	28,587	20,898
Violence against Women	16.788	2019-DJ-BX-0016	25,000	-
Total Department of Criminal Justice			92,924	62,571
<u>US Department of the Treasury</u>				
<i>Pass through agency: Governors Department of Emergency Management</i>				
Coronavirus State and Local Fiscal Recovery Funds -				
American Rescue Plan Act of 2021	21.027	2020-CF-21019	2,640,669	-
<i>Pass through agency: Texas Secretary of State</i>				
HAVA Cares Act	90.404		13,976	-
HAVA Elections Security	90.404	TX18101001-01-176	120,000	42,421
Total US Department of the Treasury			2,774,645	42,421
Total Federal Money Expended			\$ 6,469,514	

Newton County Texas
 Schedule of State of Texas Expenditures
 For the Year Ended December 31, 2021

Schedule II

	Grant ID	Amount of Award	Amount Expended
<u>Texas Comptroller</u>			
Texas Task Force on Indigent Defense	212-22-176	20,970	-
Texas Task Force on Indigent Defense	212-21-176	20,729	20,729
Total of Texas Comptroller		20,729	20,729
<u>Office of Attorney General</u>			
Texas SAVNS/VINE Program	2111607-2021	8,923	6,692
Texas SAVNS/VINE Program	2219335-2022	8,944	2,236
Total of Attorney General		17,867	8,928
<u>Texas Commission on Environmental Quality</u>			
<i>Pass Through agency: Deep East Texas Council of Governments</i>			
Solid Waste Program	582-22-30114	10,866	-
Total of Texas Commission on Environmental Quality		10,866	-
<u>Texas Historical Commission</u>			
Courthouse Restoration		1,294,118	-
Total Texas Historical Commission		1,294,118	-
<u>Texas Department of Transportation</u>			
County Transportation Infrastructure Grant Program	CTIF-02-076	178,849	9,885
Total Texas Department of Transportation		178,849	9,885
Total State of Texas Expended			<u><u>39,542</u></u>

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal and State Financial Awards presents the activity of all Federal and State financial assistance programs of Newton County, Texas. All federal awards received directly from Federal agencies and State and Federal awards passed through State agencies are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The County of Newton, Texas account for federal funding using the modified accrual method of accounting. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences, claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Equipment purchases for grant purposes are treated as expenses in the schedule of expenditures of federal awards and typically capitalized for financial statement purposes.

Federal grant funds are considered to be earned to the extent of expenses made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

NOTE 3 – BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activities of Newton County, Texas on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of Title 2 U. S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Newton County, Texas, it is not intended to and does not present the financial position, changes in net position or cash flows of Newton County, Texas. statements.

NOTE 4 – DE MINIMIS INDIRECT COST RATE

The County of Newton, Texas does not use the 10% de minimis indirect cost rate.

NOTE 5 – SUBRECIPIENTS

The County of Newton, Texas does not have any subrecipients.

NEWTON COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 DECEMBER 31, 2021

Section I-Summary of Auditor's Results

Financial Statements

Type if auditor's report issued: Unmodified

Internal Control over financial reporting:

Material weakness identified? Yes No

· Significant deficiency that is not considered to be a material weakness? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Material weakness identified? Yes No

Significant deficiency identified that is not considered to be a material weakness? Yes No

Type auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 500.516(a) Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
97.036	Department of Homeland Security Hazard Mitigation Grant	\$1,261,997
97.039	Department of Homeland Security Emergency Management Grant	1,199,760
14.269	Department of Housing and Urban Development CDBG Disaster Recovery	2,116,067

The dollar threshold used to distinguish between Type A and Type B federal and state programs Federal - \$750,000
State - \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II-Financial Statements Findings

None noted

Section III - Federal Award Findings and Questioned Costs

2021-01 Internal Control – Control Activities - Reporting

Criteria: OMB’s Uniform Guidance 2 CFR 200.512 requires a Data Collection form to be filed the earlier of 30 days after receipt of the Single Audit Report of nine months after year-end for those entities expending more than \$750,000 of federal funds.

Condition: The County of Newton, Texas did not file the required Data Collection form within the required time period.

Cause: Due to a change in staffing of management level positions, including the County Treasurer and County Judge, the County of Newton, Texas was unable to compile its internal reports and prepare its financial statements in a timely manner for audit. Due to the timing of the preparation of the financial statements, the County of Newton, Texas was unable to submit the Data Collection form timely and was not in compliance with reporting requirements.

Effect: The noncompliance with compliance attributes required under the Uniform Guidance 2 CFR 200 may affect the County of Newton, Texas’s current grant contracts and the opportunity to qualify for future grants.

Recommendation: The County of Newton, Texas’s Commissioner’s should adopt and management should implement internal controls over oversight, monitoring and reporting to ensure compliance requirements as per the Uniform Guidance 2 CFR 200.

Section IV-Status of Prior Year Findings

No prior year findings

THE COUNTY OF NEWTON, TEXAS
CORRECTIVE ACTION PLAN
For the year ended December 31, 2021

Schedule V

2021-01 Internal Control – Control Activities - Reporting

Corrective Action Plan:

The Commissioner's of the County of Newton, Texas has reviewed the finding indicated as 2021-001 and agree with the finding. The Commissioner's have adopted controls, and employed external accounting support, to insure that the County will comply in all material respects with its reporting requirements as per the Uniform Guidance 2 CFR 200.

Anticipated Completion Date:
December 31, 2023

Responsible Parties:

Ronald J. Cochran, County Judge, Sherry Moore, County Auditor and Barbara Schley, CPA, the County's external accounting support person.