

NEWTON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended
December 31, 2022

NEWTON COUNTY, TEXAS
Annual Financial Report
For the Fiscal Year Ended December 31, 2022

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INTRODUCTORY SECTION

**NEWTON COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2022
DIRECTORY OF OFFICIALS**

COMMISSIONERS' COURT:

Kenneth Weeks
Danny Bentsen
Phillip White
Gary Fomby
Wesley Gene Thompson

County Judge
Commissioner, Precinct No. 1
Commissioner, Precinct No. 2
Commissioner, Precinct No. 3
Commissioner, Precinct No. 4

OTHER COUNTY OFFICIALS:

Courtney Tracy Ponthier
Bree Allen
Sandra K. Duckworth
Melissa Burks
Ginger Sims
Sherry Moore
Robert Burby
Stephanie Ducote
Gwen Simmons

District Attorney
District Clerk
County Clerk
County Tax Assessor and Collector
County Treasurer
County Auditor
Sheriff
Librarian
Indigent Health Care

JUSTICE OF PEACE:

Connie Smith
Brenda Smith
Michael Greer
Dana Ashmore

Justice of Peace, Precinct No. 1
Justice of Peace, Precinct No. 2
Justice of Peace, Precinct No. 3
Justice of Peace, Precinct No. 4

CONSTABLES:

Colton Havard
Jeff McCoy
Lewis White
H. M. Wonders

Constable, Precinct No. 1
Constable, Precinct No. 2
Constable, Precinct No. 3
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, 2022, 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, 2022, 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 September 30, 2025, 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
September 30, 2025

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, 2022. 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 2022 by \$27,364,439. Of this amount, \$8,823,763 is considered unrestricted. The unrestricted net position of the County's governmental activities is \$8,500,471 and may be used to meet the government's ongoing obligations.
- The County's total net position increased by \$1,104,249 in 2022. This includes a (\$1,974,330) prior period adjustment.
- As of the close of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$6,046,764. Of this balance, \$6,046,764 is considered unassigned at December 31, 2022.
- The General Fund reported a fund balance of \$1,283,521 at the end of the current fiscal year. The unreserved fund balance for the General Fund was \$1,283,521 or 12.53% of total general expenditures (including transfers out).
- The County's total debt decreased by \$714,996 during the current fiscal year. Debt was issued in the current fiscal year in the amount of \$50,105.

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 \$27,364,439 at the close of the most recent fiscal year.

A portion of the County's net position, \$18,540,676 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			
	2022	2021	2022	2021
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities
Current and other assets	\$ 11,688,777	\$13,112,498	\$ 323,960	\$ -
Capital assets	11,081,685	11,987,103	8,668,276	8,839,057
Total assets	<u>22,770,462</u>	<u>\$25,099,601</u>	<u>\$ 8,992,236</u>	<u>\$ 8,839,057</u>
Deferred outflows and resources	\$ 306,142	\$ 316,161	\$ -	\$ -
Long-term liabilities	1,209,285	1,189,809	-	-
Other liabilities	3,351,298	2,907,450	668	-
Total liabilities	<u>\$ 4,560,583</u>	<u>\$ 4,097,259</u>	<u>\$ 668</u>	<u>\$ -</u>
Deferred Inflows and resources	\$ 143,150	\$ 1,923,040	\$ -	\$ -
Net position:				
Invested in capital assets, net of related debt	9,872,400	10,062,822	8,668,276	8,839,057
Restricted	-	-	-	-
Unrestricted	8,500,471	9,332,641	323,292	
	<u>\$ 18,372,871</u>	<u>\$19,395,463</u>	<u>\$ 8,991,568</u>	<u>\$ 8,839,057</u>

The unrestricted net position \$8,500,471 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

	2022	2021	2022	2021
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities
REVENUES				
Charges for services	\$ 1,012,980	\$ 980,504	\$ 346,300	\$ -
Operating grants and contributions	-	-	-	-
Capital Grants	5,604,798	8,071,265	-	-
General revenues:				
Property taxes	9,077,817	9,089,438	-	-
Intergovernmental (See Exhibit B)	96,222			
Miscellaneous	58,177	70,454	-	-
Interest income	69,767	81,754	-	-
Nonoperating Revenues	-	-	-	10,179,199
Other	438,540	2,276,019	-	-
Total Revenues	\$ 16,358,301	\$ 20,569,434	\$ 346,300	\$ 10,179,199
EXPENDITURES				
General government	\$ 2,040,510	\$ 1,809,097	\$ -	\$ -
Judicial	1,101,463	1,152,173	-	-
Legal	516,224	511,299	-	-
Financial administration	858,739	946,042	-	-
Public facilities	3,172,324	4,101,496	193,789	1,094,476
Public safety	6,265,714	9,178,907	-	-
Health and welfare	1,036,600	969,167	-	-
Conservation	34,544	3,360	-	-
Culture and recreation	189,964	211,264	-	-
Miscellaneous	106,391	12,934	-	-
Interest on long-term debt	84,090	88,273	-	-
Total Expenditures	\$ 15,406,563	\$ 18,984,012	\$ 193,789	\$ 1,094,476
Excess of Revenues over Expenses	\$ 951,738	\$ 1,585,422	\$ 152,511	\$ 9,084,723
Transfers	-	-	-	-
Increase (decrease) in net position	\$ 951,738	\$ 1,585,422	\$ 152,511	\$ 9,084,723
Net Position as Previously Reported	\$ 19,395,463	\$ 18,609,661	\$ 8,839,057	\$ (245,666)
Prior Period Adjustment - Note 7	(1,974,330)	(799,620)	-	-
Net Position as Restated	\$ 17,421,133	\$ 17,810,041	\$ 8,839,057	\$ (245,666)
Net Position End of Year	\$ 18,372,871	\$ 19,395,463	\$ 8,991,568	\$ 8,839,057

The government's total net position increased by \$1,104,249, including a (\$1,974,330) 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, 2022, the County's governmental funds reported combined ending fund balances of \$6,046,764 an increase of \$1,501,950 in comparison with the prior year after a prior period adjustment of \$1,974,330. Of this amount, \$6,046,744 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, 2022 unrestricted and total fund balance of the General Fund was \$1,283,521. 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 12.53% of total General Fund expenditures (including transfers out).

The fund balance of the General Fund increased by \$658,966 during 2022. It was budgeted at a decrease of \$1,198,434 during this year. Therefore, comparison to budget shows positive variance. Revenue had a positive variance of \$1,872,267 and expenditures had a negative variance of \$(81,601) and transfers a positive variance of \$66,734.

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. 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 \$3,966. The comparison between and the actual results significant variations were: general administration spent more than budget by (\$256,482). Public Safety spent less than budget by \$156,414 and health and welfare spent more than budget by (\$159,963).

Capital Assets and Debt Administration

Capital assets - The County's investment in capital assets for governmental and business-type activities as of December 31, 2022, amounts to \$19,749,961 (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	\$ 1,053,152	\$ 300,000	\$ 1,353,152
Construction in Progress	483,265	-	483,265
Other capital assets	9,545,268	8,368,276	\$ 17,913,544
	<u>\$ 11,081,685</u>	<u>\$ 8,668,276</u>	<u>\$ 19,749,961</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, 2022, the County had \$1,209,285 total long-term debt outstanding of which \$714,995 was due within one year.

	DEBT OUTSTANDING	
	Governmental Activities	Business-Type Activities
Bonds Payable	\$ -	\$ -
Notes Payable	1,209,285	-
	<u>\$ 1,209,285</u>	<u>\$ -</u>

The County's total liabilities and deferred inflows of resources outstanding at December 31, 2022 decreased by \$1,315,898 from December 31, 2021 because outstanding debt was paid or settled and deferred inflows on pensions decreased by \$1,779,890 and accounts payable increased by \$445,516. 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 remained similar to prior year at 7%; the tax rate for 2021-2022 was .728586, 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 2023 is similar to 2022.
- 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, 2022

Exhibit A

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash & Cash Equivalents	\$ 6,861,608	\$ 323,960	\$ 7,185,568
Investments	718,680	-	718,680
Receivables:			
Accounts Receivable	2,218,620	-	2,218,620
Property Taxes Receivable	1,849,114	-	1,849,114
Allowance for Uncollectible Taxes	(60,000)	-	(60,000)
Prepaid Expenses	-	-	-
Net Pension Asset	100,757	-	100,757
Capital Assets			
Land	1,053,152	300,000	1,353,152
Construction in Progress	483,265	-	483,265
Capital Assets - Net	9,545,268	8,368,276	17,913,544
Total Assets	\$ 22,770,464	\$ 8,992,236	\$ 31,762,700
<u>Deferred Outflows and Resources</u>			
Deferred Outflows on Pensions	306,142	-	306,142
Total Deferred Outflows of Resources	\$ 306,142	\$ -	\$ 306,142
<u>Liabilities</u>			
Accounts Payable	3,204,779	668	3,205,447
Accrued Payables	146,521	-	146,521
Due to Other Governments	-	-	-
Net Pension Liabilities	-	-	-
Notes Payable/Revenue Bonds Payable (Notes 1 and 3)			
Due Within One Year	792,493	-	792,493
Due After One Year	416,792	-	416,792
Total Liabilities	\$ 4,560,585	\$ 668	\$ 4,561,253
<u>Deferred Inflows of Resources</u>			
Deferred Inflows on Pensions	143,150	-	143,150
Total Deferred Inflows of Resources	\$ 143,150	\$ -	\$ 143,150
<u>Net Position</u>			
Investment in Capital Assets- Net of Debt	9,872,400	8,668,276	18,540,676
Restricted	-	-	-
Unrestricted	8,500,471	323,292	8,823,763
Total Net Position	\$ 18,372,871	\$ 8,991,568	\$ 27,364,439

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

NEWTON COUNTY, TEXAS
Statement of Activities
For the year ended December 31, 2022

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	\$ 2,040,510	\$ -	\$ -	\$ -	\$ (2,040,510)	\$ -	\$ (2,040,510)
Judicial	1,101,463	1,012,980	-	-	(88,483)	-	(88,483)
Legal	516,224	-	-	-	(516,224)	-	(516,224)
Financial Administration	858,739	-	-	-	(858,739)	-	(858,739)
Public Facilities	3,172,324	-	-	-	(3,172,324)	-	(3,172,324)
Public Safety	6,265,714	-	-	-	(6,265,714)	-	(6,265,714)
Health & Welfare	1,036,600	-	-	5,604,798	4,568,198	-	4,568,198
Conservation	34,544	-	-	-	(34,544)	-	(34,544)
Culture & Recreation	189,964	-	-	-	(189,964)	-	(189,964)
Miscellaneous	106,393	-	-	-	(106,393)	-	(106,393)
Interest on Long-term Debt	84,088	-	-	-	(84,088)	-	(84,088)
Total Governmental Activities	15,406,563	1,012,980	-	5,604,798	(8,788,785)	-	(8,788,785)
Business-type Activities:							
Prison Facilities	\$ (193,789)	\$ 346,300	\$ -	\$ -	\$ -	\$ 152,511	\$ 152,511
Total Business-type Activities	\$ (193,789)	\$ 346,300	\$ -	\$ -	\$ -	\$ 152,511	\$ 152,511
General Revenues:							
Property Taxes					\$ 9,077,817	\$ -	\$ 9,077,817
Intergovernmental					96,222	-	96,222
Miscellaneous					58,177	-	58,177
Nonoperating Revenues (Expenses)					-	-	-
Interest					69,767	-	69,767
Other					438,540	-	438,540
Transfers					-	-	-
Total General Revenues					9,740,523	-	9,740,523
Change in Net Position					951,738	152,511	1,104,249
Net Position as Previously Reported					19,395,463	8,839,057	28,234,520
Prior Period Adjustment - Note 7					(1,974,330)	-	(1,974,330)
Net Position as Restated					17,421,133	8,839,057	26,260,190
Net Position at end of year					\$ 18,372,871	\$ 8,991,568	\$ 27,364,439

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

Balance Sheet

Governmental Funds

December 31, 2022

	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	\$ 1,494,558	\$ 389,137	\$ -	\$ 222,958	\$ 540,285	42,893	\$ 727,472	\$ 3,444,305	\$ 6,861,608
Investments	718,680	-	-	-	-	-	-	-	718,680
Prepaid Expenses	-	-	-	-	-	-	-	-	-
Property Taxes Receivable	1,849,114	-	-	-	-	-	-	-	1,849,114
Allowance for Uncollectible Taxes	(60,000)	-	-	-	-	-	-	-	(60,000)
Accounts Receivable	90,978	3,873	218,021	39,417	250,374	1,266,723	-	349,234	2,218,620
Total Assets	\$ 4,093,330	\$ 393,010	\$ 218,021	\$ 262,375	\$ 790,659	\$ 1,309,616	\$ 727,472	\$ 3,793,539	\$ 11,588,022
<u>Liabilities</u>									
Accounts Payable	501,442	55	1,035,173	5,824	261,690	1,234,784	-	165,809	3,204,777
Due to Other Government	-	-	-	-	-	-	-	-	-
Accrued Vacation/Comp Time	118,406	-	-	-	-	-	-	28,114	146,520
Total Liabilities	619,848	55	1,035,173	5,824	261,690	1,234,784	-	193,923	3,351,297
<u>Deferred Inflows of Resources</u>									
Deferred Inflows- Property Tax	1,715,351	-	-	-	-	-	-	-	1,715,351
Unavailable Revenue - Property Tax	474,610	-	-	-	-	-	-	-	474,610
Total Deferred Inflows of Resources	2,189,961	-	-	-	-	-	-	-	2,189,961
<u>Fund Balances</u>									
Unassigned	1,283,521	392,955	(817,152)	256,551	528,969	74,832	727,472	3,599,616	6,046,764
Committed	-	-	-	-	-	-	-	-	-
Total Fund Balance	1,283,521	392,955	(817,152)	256,551	528,969	74,832	727,472	3,599,616	6,046,764
Total Liabilities and Fund Balances	\$ 4,093,330	\$ 393,010	\$ 218,021	\$ 262,375	\$ 790,659	\$ 1,309,616	\$ 727,472	\$ 3,793,539	\$ 11,588,022

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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, 2022

Total Fund Balances of Governmental Funds		\$ 6,046,764
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		11,081,685
Correction		(3)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds		(1,209,285)
Net Pension Asset(Liability)		100,757
Deferred Outflows and Inflows of Resources		
Deferred Outflow on Pension	306,142	
Deferred Inflow on Pension	(143,150)	162,992
Other Long Term Assets not available to pay for current period expenditures, and therefore, are deferred in the funds - Unavailable & deferred Revenue - Property Tax		474,610
		<u>1,715,351</u>
		<u>2,189,961</u>
Net Position of Governmental Activities- Exhibit A		<u><u>\$ 18,372,871</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, 2022

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	\$ 6,544,511	\$ 1,089,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,742,146	\$ 9,376,501
Intergovernmental	20,150	-	-	-	-	-	-	76,072	96,222
Fines and Fees	339,852	543,134	-	-	-	-	-	129,994	1,012,980
Licenses and Permits	-	-	-	-	-	-	-	-	-
Miscellaneous	58,177	-	-	-	-	-	-	-	58,177
Interest	24,500	5,812	-	948	-	-	-	38,502	69,762
Other Revenue	157,310	-	-	-	-	-	-	281,231	438,541
Grants	1,374,171	-	221,227	30,071	1,267,410	2,665,333	-	46,587	5,604,799
Total Revenue	\$ 8,518,671	\$ 1,638,790	\$ 221,227	\$ 31,019	\$ 1,267,410	\$ 2,665,333	\$ -	\$ 2,314,532	\$ 16,656,982
Expenditures									
Current									
General Administration	1,058,899	415,971	-	-	-	-	-	53,990	1,528,860
Judicial	1,101,463	-	-	-	-	-	-	-	1,101,463
Legal	408,342	-	-	-	-	-	-	107,883	516,225
Financial Administration	858,739	-	-	-	-	-	-	-	858,739
Public Facilities	784,255	-	124,243	35,378	176,904	-	-	1,586,638	2,707,418
Public Safety	2,111,988	-	-	-	-	2,731,369	-	1,110,030	5,953,387
Health and Welfare	727,203	-	-	-	-	-	-	309,397	1,036,600
Conservation	-	-	-	-	-	-	-	34,544	34,544
Culture and Recreation	-	-	-	-	-	-	-	189,964	189,964
Miscellaneous	106,391	-	-	-	-	-	-	-	106,391
Debt Service									
Principal Payment	212,188	69,977	-	-	-	-	-	479,594	761,759
Interest Expense	16,562	6,417	-	-	-	-	-	61,109	84,088
Capital Outlay	-	-	-	-	-	-	-	275,594	275,594
Total Expenditures	\$ 7,386,030	\$ 492,365	\$ 124,243	\$ 35,378	\$ 176,904	\$ 2,731,369	\$ -	\$ 4,208,743	\$ 15,155,032
Excess (Deficiency) of Revenues									
Over (Under) Expend	\$ 1,132,641	\$ 1,146,425	\$ 96,984	\$ (4,359)	\$ 1,090,506	\$ (66,036)	\$ -	\$ (1,894,211)	\$ 1,501,950
Other Financing Sources									
Transfers In	2,382,172	111,547	663,510	191,007	-	140,782	1,320,334	3,133,441	7,942,793
Transfers (Out)	(2,855,847)	(1,149,192)	(3,206)	-	(1,056,721)	(222,277)	(1,913,197)	(742,353)	(7,942,793)
Issuance of Debt	-	-	-	-	-	-	-	-	-
Total Other Financing	\$ (473,675)	\$ (1,037,645)	\$ 660,304	\$ 191,007	\$ (1,056,721)	\$ (81,495)	\$ (592,863)	\$ 2,391,088	\$ -
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing									
	658,966	108,780	757,288	186,648	33,785	(147,531)	(592,863)	496,877	1,501,950
Fund Balance -									
As Previously Reported	624,555	284,175	(767,449)	69,903	725,581	1,159,305	1,320,335	3,102,739	6,519,144
Prior Period Adjustment -	-	-	(806,991)	-	(230,397)	(936,942)	-	-	(1,974,330)
Fund Balance, As Restated	\$ 624,555	\$ 284,175	\$ (1,574,440)	\$ 69,903	\$ 495,184	\$ 222,363	\$ 1,320,335	\$ 3,102,739	\$ 4,544,814
Fund Balance - End of Year	\$ 1,283,521	\$ 392,955	\$ (817,152)	\$ 256,551	\$ 528,969	\$ 74,832	\$ 727,472	\$ 3,599,616	\$ 6,046,764

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, 2022

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

Net change in fund balances - total governmental funds (Exhibit D)		1,501,950
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:		
Capital Outlay	275,594	
Depreciation	(1,137,001)	
Capital Asset Disposition	(44,011)	(905,418)
Actuarially calculated additional pension expense not using current-period financial resources		
Change in Asset/Liability	(1,923,459)	
Change in deferred inflow/outflow	1,769,871	(153,588)
Correction		(3)
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.		
Issuance of Debt	(50,105)	
Payment of Principal	761,758	
Debt adjustment	3,343	714,996
Revenues in statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
change in unavailable revenue	(366,842)	
change in deferred tax	<u>160,643</u>	<u>(206,199)</u>
Change in Net Assets of Governmental Activities (Exhibit B)		<u><u>\$ 951,738</u></u>

NEWTON COUNTY, TEXAS
Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the year ended December 31, 2022

Exhibit E

	Original Budget Original	Final Budget Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUE				
Taxes	\$ 6,141,561	\$ 6,141,561	\$ 6,544,511	\$ 402,950
Intergovernmental	25,883	25,883	20,150	(5,733)
Fines and Fees	356,360	356,360	339,852	(16,508)
Licenses & Permits	100	100	-	(100)
Miscellaneous	38,500	38,500	58,177	19,677
Interest	45,500	45,500	24,500	(21,000)
Unrealized Gain/Loss on Investments	-	-	-	-
Grants	3,000	3,000	1,374,171	1,371,171
Other Revenue	35,500	35,500	157,310	121,810
Total Revenue	6,646,404	6,646,404	8,518,671	1,872,267
EXPENDITURES				
Current				
General Administration	802,417	802,417	1,058,899	(256,482)
Judicial	1,179,719	1,180,259	1,101,463	78,796
Legal	444,007	444,007	408,342	35,665
Financial Administration	894,294	894,294	858,739	35,555
Public Facilities	793,411	793,411	784,255	9,156
Public Safety	2,268,402	2,268,402	2,111,988	156,414
Health and Welfare	563,814	567,240	727,203	(159,963)
Conservation	460	460	-	460
Miscellaneous	50,000	50,000	106,391	(56,391)
Principal Payment	159,433	159,433	212,188	(52,755)
Interest Expense	9,506	9,506	16,562	(7,056)
Capital Outlay	135,000	135,000	-	135,000
TOTAL EXPENDITURES	7,300,463	7,304,429	7,386,030	(81,601)
Excess(Deficiency) of Rev Over(Under) Expenditures	(654,059)	(658,025)	1,132,641	1,790,666
Other Finance Sources(Uses)				
Issuance of Debt	-	-	-	-
Transfers In	473,728	473,727	2,382,172	1,908,445
Transfers Out	(1,014,136)	(1,014,136)	(2,855,847)	(1,841,711)
Issuance of Debt	-	-	-	-
Total Other Finance Sources(Uses)	(540,408)	(540,409)	(473,675)	66,734
Excess(Deficiency) of Revenue Over(Under) Expenses & Other Financial Sources(Uses)	(1,194,467)	(1,198,434)	658,966	1,857,400
Fund Balance - Beginning of Period	(730,501)	(1,160,021)	624,555	1,784,576
Fund Balance - End of Period	\$ (1,924,968)	\$ (2,358,455)	\$ 1,283,521	\$ 3,641,976

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

NEWTON COUNTY, TEXAS
Statement of Net Position - Proprietary Funds
December 31, 2022

Exhibit F

	Business-Type Activities Enterprise Fund Correctional Facility 081	Total
<u>Assets</u>		
Current Assets		
Cash and Cash Equivalents	\$ 323,960	\$ 323,960
Investments	-	-
Accounts Receivables - Net of Allowances for Uncollectibles	-	-
Total Current Assets	323,960	323,960
Non-Current Assets		
Restricted Cash and Investments	-	-
Original Issue Discount	-	-
Less: Accumulated Accretion	-	-
Total Capital Assets, Net of Accumulated Depreciation	8,668,276	8,668,276
Total Non-Current Assets	8,668,276	8,668,276
Total Assets	8,992,236	8,992,236
<u>Liabilities</u>		
Current Liabilities		
Accounts Payable	668	668
Bonds Payable - Current Portion (Note 1 and 3)	-	-
Total Current Liabilities	668	668
Long-Term Liabilities		
Bonds Payable - Noncurrent Portion (Note 1 and 3)	-	-
Total Long-term Liabilities	-	-
Total Liabilities	668	668
<u>Net Position</u>		
Invested in Capital Assets	-	-
Unrestricted	8,991,568	8,991,568
Total Net Position	\$ 8,991,568	\$ 8,991,568

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, 2022

Exhibit G

	Business-Type Activities Enterprise Fund Correctional Facility 081	Total
<u>Operating Revenue</u>		
Project Revenues	\$ 346,300	\$ 346,300
Total Operating Revenues	<u>\$ 346,300</u>	<u>\$ 346,300</u>
<u>Operating Expenses</u>		
Management Fees	-	-
Depreciation	170,781	170,781
Insurance	-	-
Legal and Professional	-	-
Repairs and Maintenance	19,943	
Operating Expense	3,065	3,065
Total Operating Expenses	<u>\$ 193,789</u>	<u>\$ 193,789</u>
Operating Income (Loss)	<u>\$ 152,511</u>	<u>\$ 152,511</u>
<u>Nonoperating Revenues (Expenses)</u>		
Interest Income	-	-
Insurance Proceeds	-	-
Gain on Bond Settlement	-	-
Miscellaneous Income (Expenses)	-	-
Total Nonoperating Revenues (Expenses)	<u>\$ -</u>	<u>\$ -</u>
Transfers	-	-
Change in Net Position	152,511	152,511
Total Net Position at Beginning of Year	<u>\$ 8,839,057</u>	<u>\$ 8,839,057</u>
Total Net Position at End of Year	<u><u>\$ 8,991,568</u></u>	<u><u>\$ 8,991,568</u></u>

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, 2022

Exhibit H

	Business-Type Activities Enterprise Fund Correctional Facility 081	Total
	<u> </u>	<u> </u>
Cash Flows From Operating Activities		
Receipts from Customers	\$ 346,300	\$ 346,300
Payment for Goods and Services	<u>(23,008)</u>	<u>(23,008)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 323,292</u>	<u>\$ 323,292</u>
Cash Flows from Non-Capital Financing Sources (Uses)		
Accounts Payable	668	668
Transfers	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Interest Payments	-	-
Principal Payments	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest Income	<u>-</u>	<u>-</u>
Net Increase(Decrease) in Cash and Cash Equivalents	<u>\$ 323,960</u>	<u>\$ 323,960</u>
Cash and Cash Equivalents at Beginning of Year		
Unrestricted Cash and Cash Equivalents	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Cash and Cash Equivalents at End of Year		
Unrestricted Cash and Cash Equivalents	<u>323,960</u>	<u>323,960</u>
	<u>323,960</u>	<u>323,960</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss) Adjustments	323,292	-
Depreciation	(170,781)	-
Increase (Decrease) in Other Miscellaneous Items	-	-
	<u>\$ 152,511</u>	<u>\$ -</u>
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, 2022

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	\$ 804	\$ 3,476	\$474,541	\$111,920	\$21,077	\$124,832	\$2,262,050	\$2,998,700
Total Assets	<u>804</u>	<u>3,476</u>	<u>474,541</u>	<u>111,920</u>	<u>21,077</u>	<u>124,832</u>	<u>2,262,050</u>	<u>2,998,700</u>
<u>Liabilities</u>								
Liabilities								
Payable to Newton								-
County Beneficiaries	804	3,476	474,541	111,920	21,077	124,832	2,262,050	2,998,700
Total Liabilities	<u>804</u>	<u>3,476</u>	<u>474,541</u>	<u>111,920</u>	<u>21,077</u>	<u>124,832</u>	<u>2,262,050</u>	<u>2,998,700</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, 2022

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, 2022 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, 2022 the following funds had deficit fund balances. Road & Bridge Precinct 3 \$(6,591), Fund 55 Historical Operating \$(864) and Fund 68 Hazard Mitigation \$(817,152).

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 following governmental funds: the General Fund, and the Road & Bridge Funds. 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, 2022 was \$7,904,247, and the bank balances were \$8,281,298. Of the bank balance, \$250,000 was covered by FDIC insurance and up to \$24,702,113 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 \$2,998,700.

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, \$718,680, is invested with First Financial Trust; \$718,680 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, 2022 for the governmental funds of the County:

	General	Road & Bridge	Other	Total
Property taxes	\$ 1,849,114	\$ -	\$ -	\$ 1,849,114
Accounts	90,978	3,873	2,123,768	2,218,619
	<u>1,940,092</u>	<u>3,873</u>	<u>2,123,768</u>	<u>4,067,733</u>
Allowance for Uncollectibles	(60,000)	-	-	(60,000)
	<u>\$ 1,880,092</u>	<u>\$ 3,873</u>	<u>\$ 2,123,768</u>	<u>\$ 4,007,733</u>

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.

EXHIBIT J
NOTES TO THE FINANCIAL STATEMENTS

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.

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 2021 tax rate was \$.6535390 per \$100.00 valuation assessed at 100% of market value. The 2022 tax rate is set at \$.728586 per \$100 valuation.

Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

General Government

Asset	Balance	Additions	Deletions	Balance	Life
Land	\$ 1,054,872	\$ -	\$ 1,720	\$ 1,053,152	N/A
Buildings	17,174,346	-	30,000	17,144,346	50
Equipment	10,509,757	148,644	360,575	10,297,826	7
Construction in Progress	356,314	126,951	-	483,265	
Infrastructure	17,562,021	-	-	17,562,021	40
	<u>\$ 46,657,310</u>	<u>\$ 275,595</u>	<u>\$ 392,295</u>	<u>\$ 46,540,610</u>	

Accumulated Depreciation	Prior	Additions	Deletions	Ending A/D	Book Value
Land	\$ -	\$ -	\$ -	\$ -	\$ 1,053,152
Buildings	10,880,449	56,683	30,000	10,907,132	6,237,214
Equipment	6,800,647	1,045,947	318,283	7,528,311	2,769,515
Infrastructure	16,989,111	34,371	-	17,023,482	538,539
Book Value of C/P	-	-	-	-	483,265
	<u>\$ 34,670,207</u>	<u>\$ 1,137,001</u>	<u>\$ 348,283</u>	<u>\$ 35,458,925</u>	<u>11,081,686</u>

Governmental Activities:

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

Government Activities:

General Government	\$ 511,650
Public Safety	159,181
Public Facilities	<u>466,170</u>
Total Depreciation Expense - Government Activities	<u>\$ 1,137,001</u>

Enterprise Fund:

Enterprise Fund

Asset	Balance	Additions	Deletions	Balance
Land	\$ 300,000	\$ -	\$ -	\$ 300,000
Building	8,539,057	-	-	8,539,057
Total Assets	\$ 8,839,057	\$ -	\$ -	\$ 8,839,057
Less Accumulated Depreciation		170,781	-	170,781
TOTAL	\$ 8,839,057	\$ (170,781)	\$ -	\$ 8,668,276

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, 2022.

Description	Interest Rate	Beginning			Ending			Due in One Year	Maturity
		Balance 1/1/2022	Debt Issuance	Principal Payments	Interest Payments	Other Adjustments	Balance 12/31/2022		
Copier - DA Conf Room	6.10%	2,073	-	940	201	-	1,133	1,058	2024
Sharp Copier	6.10%	342	-	342	3	-	-	-	2022
Sharp Copier	6.10%	2,937	-	2,486	274	-	451	451	2023
Sharpe Copier - Judge	6.10%	1,827	-	1,827	153	-	-	-	2022
Sharp Copier	6.10%	3,069	-	569	121	(2,500)	-	-	2023
Sharp Copier - Comm 3	6.10%	237	-	237	3	-	-	-	2022
Sharp Copier	6.10%	2,762	-	1,646	394	-	1,116	1,116	2023
Copier - Comm Pct 3	6.10%	5,428	-	1,298	742	-	4,130	1,506	2025
Sheriff - 2 Printers	6.10%	243	-	243	16	-	-	-	2022
Sheriff - secr copier	6.10%	101	-	101	1	-	-	-	2022
Tax Assessor - TAC	6.10%	506	-	506	34	-	-	-	2022
Copier - JP 1	6.10%	2,560	-	2,162	239	-	398	398	2022
Motor Vehicle - Dewey	6.10%	2,592	-	880	320	-	1,712	1,032	2024
Indigent - Copier Upgrade	6.10%	3,427	-	961	239	-	2,466	1,041	2025
Court Room 2nd Floor	6.10%	3,193	-	773	427	-	2,420	897	2025
Color Kyocera Copier	6.10%	597	-	597	33	-	-	-	2022
Treasurer - Copier	6.10%	1,180	-	1,180	10	-	-	-	2022
Copier - Library Dewey	6.10%	3,949	-	1,453	527	-	2,496	1,702	2024
Printer - SO Jail Cap	6.10%	2,459	-	868	332	-	1,591	1,018	2024
Copier - Comm Pct 2	6.10%	2,259	-	989	211	-	1,270	1,114	2024
Copier - Extension	6.10%	3,829	-	1,176	264	-	2,653	1,274	2024
Copier - MV Bleakwood	6.10%	3,600	-	1,078	242	-	2,522	1,167	2024
TAC - 2 copiers	6.10%	5,107	-	1,569	352	-	3,538	1,699	2024
Copier/Printer Dist Clk	6.10%	5,458	-	1,781	559	-	3,677	2,006	2024
Sharp Copier - Co Clk	6.10%	999	-	999	26	-	-	-	2022
Sharp Copier - History	6.10%	4,026	-	1,561	539	-	2,465	1,829	2024
Sharp Copier	6.10%	2,081	-	1,731	190	-	350	350	2023
Copier/Printer JP 4	6.10%	3,545	-	1,233	448	-	2,312	1,445	2024
JP 2 - Copier Upgrade	6.10%	3,234	-	638	442	-	2,596	740	2025
JP 3 - Printer	6.10%	1,597	-	382	218	-	1,215	443	2025
Copier - JP 3 Upgrade	6.10%	3,194	-	981	220	-	2,213	1,062	2024
2020 Peterbilt 348 Grapple	3.04%	142,401	-	70,121	4,444	-	72,280	72,280	2024
Software - Co&Dist Clk	4.18%	60,539	-	60,565	2,600	26	-	-	2022

Long-term Debt...continued

2021 Ford F-250	2.96%	37,240		37,240	1,614	-	-	-	2024
2021 Ford F-250 SD	2.96%	50,815		16,483	1,472	-	34,332	16,934	2024
2021 Peterbilt 337	2.96%	216,218		69,978	6,417	-	146,240	72,054	2024
2019 Peterbilt	3.95%	44,920	-	44,792	1,802	(128)	-	-	2024
2019 John Deere Grader	3.61%	81,688	-	81,370	2,961	(318)	-	-	2022
Kubota Tractor/Terrain BM	3.56%	67,258	-	66,854	2,438	(404)	-	-	2022
Kubota Mini Excavator	3.39%	25,565	-	25,546	878	(19)	-	-	2022
2021 Ford F-250 SD (pct 1)	2.96%	46,807		15,156	1,382	-	31,651	15,598	2024
2021 Ford F-250 SD (pct2)	2.96%	46,807		15,156	1,382	-	31,651	15,598	2024
2 Cat 12M3 Graders	5.35%	321,647	-	46,694	20,403	-	274,953	274,952	2023
Wheel Excavator	3.35%	218,236	-	27,993	8,505	-	190,243	29,071	2025
2021 Mack Pinnacle	2.96%	122,895		39,774	3,647	-	83,121	40,954	2024
2021 Ford F-250 SD (pct 2)	2.96%	46,807		15,156	1,382	-	31,651	15,598	2024
2021 Ford F-350 SD (pct 3)	2.96%	52,977		17,154	1,564	-	35,823	17,654	2024
Motor Grader	3.20%	179,858	-	32,860	9,197	-	146,998	146,997	2023
2020 Peterbilt 348 Truck	3.04%	83,190	-	40,884	2,623	-	42,306	42,306	2023
Auditor New		-	5,934	779	256	-	5,155	1,096	2027
SO Printer New		-	14,500	1,904	625	-	12,596	2,678	2027
Assistant Auditor		-	2,838	288	97	-	2,550	519	2027
Tax Assessor New		-	4,902	426	144	-	4,476	892	2027
Treasurer - New		-	11,611	500	175	-	11,111	2,080	2027
County Clerk New		-	10,321	897	303	-	9,424	1,877	2027
		<u>\$ 1,924,280</u>	<u>\$ 50,105</u>	<u>\$ 761,758</u>	<u>\$84,090</u>	<u>\$ (3,343)</u>	<u>\$ 1,209,285</u>	<u>\$ 792,493</u>	

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
2023	\$ 792,493	\$ 51,779	\$ 844,272
2024	\$ 256,444	\$ 15,608	\$ 272,052
2025	\$ 144,216	\$ 7,036	\$ 151,252
2026	\$ 10,972	\$ 681	\$ 11,653
2027	\$ 5,160	\$ 98	\$ 5,258
	<u>\$ 1,209,285</u>	<u>\$ 75,202</u>	<u>\$ 1,284,487</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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Individual Interfund Transactions

Transfers are as follows:

Fund	Transfers In	Transfers Out
Distribution Fund	\$ -	\$ -
General	2,382,172	2,855,847
Prison Guard Detail	-	-
Enterprise Fund Correctional Facility	-	-
Road & Bridge - General	111,547	1,149,192
Road & Bridge Pct. 1	530,478	-
Road & Bridge Pct.2	303,836	-
Road & Bridge Pct. 3	402,474	-
Road & Bridge Pct. 4	372,863	-
VAW Grant	35,000	-
Commissioners Special Pct. 1	2,973	-
Commissioners Special Pct. 2	246,113	-
Commissioners Special Pct. 3	20,960	-
Commissioners Special Pct. 4	713,530	-
Solid Waste Disposal	250,000	-
Voter Registration	57,124	-
Library	135,030	-
Historical Operating	52,612	-
Historical Book Fund	-	-
Record Preservation	-	1,504
Hazard Mitigation Grant	663,510	3,206
ARPA Grants	1,320,334	1,913,197
Courthouse Emergency Grant	191,007	-
FEMA	-	1,056,721
TDRA Grant	140,782	222,277
Techmology Fund	10,448	-
Federal Forest Fund	-	35,152
Debt Service	-	705,697
	<u>\$ 7,942,793</u>	<u>\$ 7,942,793</u>

Interfund transfers are generally utilized to accomplish budgetary goals for various services and functions of the County including debt service. During 2022, 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.

NOTE 5 – Retirement Plan...continued

Membership Information

<u>Members</u>	<u>December 31, 2021</u>		<u>December 31, 2022</u>	
Number of inactive employees entitled to but not yet receiving benefits		116		133
Number of active employees		115		109
Average monthly salary*	\$	2,855	\$	2,664
Average age*		52		52
Average length of service in years*		8		8
Inactive employees (or their beneficiaries) receiving benefits		-		-
Number of benefit recipients		70		75
Average monthly benefit	\$	863	\$	898

**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 \$100,757. The net pension liability / (asset) was determined by an actuarial valuation as of December 31, 2022. 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, 2022, Newton County recognized pension expense of \$330,628. At December 31, 2022, Newton County reported deferred outflows and inflows of resources as follows:

Deferred Outflows - \$306,142
Deferred Inflows – \$143,150

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, 2022 funding valuation (see Appendix C, following for details), except as noted below and throughout this report. Please see the Newton County December 31, 2022 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, 2022 financial reporting metrics are the same as those used in the December 31, 2022 actuarial valuation analysis for Newton County.

The following is a description of the assumptions used in the December 31, 2022 actuarial valuation analysis for Newton County. This information may also be found in the Newton County December 31, 2022 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, 2022	December 31, 2021
Discount rate (2)	7.60%	8.10%
Long-term expected rate of return, net of investment expense (2)	7.60%	8.10%
Municipal bond rate(3)	Does not apply	Does not apply

(2) 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.

(3) 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.

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").

EXHIBIT J
NOTES TO THE FINANCIAL STATEMENTS

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)
2023	15,803,283	538,186	920,164	15,803	1,186,211	16,591,713
2024	16,591,712	499,727	985,173	16,592	1,242,242	17,331,916
2025	17,331,917	463,784	1,092,151	17,332	1,293,138	17,979,356
2026	17,979,355	434,016	1,148,285	17,979	1,339,115	18,586,222
2027	18,586,222	417,081	1,185,299	18,586	1,383,202	19,182,620
2028	19,182,620	396,393	1,217,269	19,183	1,426,541	19,769,102
2029	19,769,103	368,620	1,281,154	19,769	1,467,673	20,304,473
2030	20,304,473	345,258	1,352,015	20,304	1,504,826	20,782,238
2031	20,782,237	325,805	1,416,063	20,782	1,538,004	21,209,201
2040	24,044,187	241,522	1,759,895	24,044	1,769,820	24,271,590
2050	26,029,984	227,464	1,837,912	26,030	1,917,231	26,310,737
2060	31,505,459	272,446	1,480,766	31,505	2,348,164	32,613,798
2070	51,395,097	360,324	836,589	51,395	3,886,343	54,753,780
2080	102,509,351	484,026	375,838	102,509	7,790,923	110,305,953
2090	215,433,011	650,491	99,676	215,433	16,385,420	232,153,813
2100	453,899,438	874,206	5,181	453,899	34,511,843	488,826,407

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

** 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% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 17,627,364	\$ 15,702,526	\$ 14,084,977
Fiduciary net position	15,803,283	15,803,283	15,803,283
Net pension liability/asset	\$ 1,824,081	\$ (100,757)	\$ (1,718,306)

Pension Plan Fiduciary Net Position

EXHIBIT J
NOTES TO THE FINANCIAL STATEMENTS

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, 2021	\$ 14,944,920	\$ 16,969,136	\$ (2,024,216)
Changes for the year:			
Service Cost	499,490	-	499,490
Interest on pension liability (1)	1,143,867	-	1,143,867
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(84,011)	-	(84,011)
Effect of assumptions changes or inputs	-	-	-
Refund of Contributions	(57,502)	(57,502)	-
Benefit Payments	(744,237)	(744,237)	-
Administrative expenses	-	(9,261)	9,261
Member contributions	-	283,655	(283,655)
Net investment income	-	(980,536)	980,536
Employer contributions	-	351,326	(351,326)
Other (3)	0	(9,297)	9,297
Balances as of December 31, 2022	<u>\$ 15,702,527</u>	<u>\$ 15,803,284</u>	<u>\$ (100,757)</u>

(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 – PRIOR PERIOD ADJUSTMENT

Some larger construction invoices, for work performed in 2021, were held by Traylor and Associates,(outsourced grant management) until the corresponding reimbursement was received in 2022. Then the invoice was given to Newton County who recorded and paid the invoice in 2022 within 5 days after the reimbursement receipt. A journal entry was made to record the related accounts receivable in 2021 but there was no corresponding accrual of the expense to 2021.

An adjustment was made to account for grant funds due to grantors and to adjust receivables/payables, at year-end December 31, 2021.

	Fund 68	Fund 72	Fund 78	Total
Balances at December 31, 2021, as previously reported	\$ (767,449)	\$ 725,581	\$ 1,159,305	\$ 1,117,437
Prior period adjustment for:				
Due to Grantors at December 31, 2021	(806,991)	(230,397)	-	\$ (1,037,388)
Receivables/payables at December 31, 2021	-	-	(936,942)	\$ (936,942)
Balance at December 31, 2021, as restated	<u>\$ (1,574,440)</u>	<u>\$ 495,184</u>	<u>\$ 222,363</u>	<u>\$ (856,893)</u>

NOTE 7– GASB 87 LEASES

During the fiscal year ended December 31, 2022, the County adopted the Government Accounting Standards Board (GASB) Statement No. 87. The objective of the Statement 87 is to improve accounting and financial reporting for leases by governments. The statement requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about government’s leasing activities. The new lease standard had a potential to have a significant effect on the County’s statement of net position and governmental fund balance sheet and statement of activities and governmental fund revenues, expenditures, and changes in net position as a result of contracts in effect. Due to the short term nature of the contracts in effect, the leases are classified as short term leases and as such, no payable or deferred outflow of resources has been recognized. Other leases are longer term but deemed immaterial to the financial statements.

NOTE 8– SUBSEQUENT EVENTS

Events occurring subsequent to December 31, 2022 were evaluated by management and reviewed through September 30, 2025 , 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 has received notice from the Texas Departments of Emergency Management (TDEM) that grant money received by the County was not supported by proper documentation from prior year projects. At December 31, 2022, \$806,991 for fund 68 and \$230,397 for fund 72 is included as a liability in the County’s financial statements as well as referenced above in Note #6 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 \$243,046 has been reimbursed to TDEM from fund 72, the amount of additional reimbursement from the County, if any, is unknown.

REQUIRED
SUPPLEMENTAL
INFORMATION

NEWTON COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2022

Schedule of Changes in Net Pension Liability and Related Ratios

	Year ended December 31											
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Pension Liability												
Service Cost	\$ 499,490	\$ 561,073	\$ 410,846	\$ 361,769	\$ 369,897	\$ 355,450	\$ 400,458	\$ 366,497	\$ 356,677	N/A	N/A	N/A
Interest on total pension liability	1,143,867	1,103,653	1,032,386	959,003	909,307	850,736	792,498	754,382	705,683	N/A	N/A	N/A
Effect on plan changes	-	-	-	-	-	-	-	(45,725)	-	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
Effect of economic/demographic (gains) or losses	(84,011)	(184,390)	161,316	183,368	(101,536)	(49,448)	(106,848)	(323,707)	63,562	N/A	N/A	N/A
Benefit payments/refunds of contributions	(801,739)	(823,035)	(709,623)	(587,276)	(525,939)	(499,957)	(551,531)	(471,101)	(407,319)	N/A	N/A	N/A
Net change in total pension liability	\$ 757,607	\$ 580,262	\$ 1,682,094	\$ 916,864	\$ 651,729	\$ 721,400	\$ 534,577	\$ 402,422	\$ 718,603	N/A	N/A	N/A
Total pension liability - beginning	14,944,920	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
Total pension liability - ending (a)	\$ 15,702,527	\$ 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
Fiduciary Net Position												
Employer Contributions	351,326	\$ 362,506	\$ 368,882	\$ 289,784	\$ 264,855	\$ 250,532	\$ 248,048	\$ 243,170	\$ 241,137	N/A	N/A	N/A
Member Contributions	283,655	300,301	305,579	239,755	219,405	207,542	205,485	201,439	199,756	N/A	N/A	N/A
Investment income net of investment expenses	(980,536)	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
Benefit payments/refunds of contributions	(801,739)	(823,035)	(709,623)	(587,276)	(525,939)	(499,957)	(551,531)	(471,101)	(407,319)	N/A	N/A	N/A
Administrative expenses	(9,261)	(9,180)	(10,294)	(9,748)	(8,872)	(7,520)	(7,493)	(6,762)	(7,053)	N/A	N/A	N/A
Other	(9,297)	(665)	185	(818)	(106)	(632)	7,241	(115,540)	9,979	N/A	N/A	N/A
Net change in fiduciary net pension	(1,165,852)	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
Fiduciary net pension - beginning	16,969,137	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
Fiduciary net pension - ending	15,803,285	\$ 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
Net pension liability/asset = (a) - (b)	(100,758)	\$ (2,024,216)	\$ 297,004	\$ (108,981)	\$ 719,858	\$ (193,651)	\$ 480,986	\$ 537,202	\$ (22,671)	N/A	N/A	N/A
Fiduciary net position as a % of total pension liability	100.64%	113.54%	97.93%	100.86%	93.88%	101.74%	95.37%	94.55%	100.24%	N/A	N/A	N/A
Pensionable covered payroll	4,052,215	\$ 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
Net pension liability as a % of covered payroll	-2.49%	-47.18%	6.80%	-3.18%	22.97%	-6.53%	16.39%	18.67%	-0.79%	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, 2022

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
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%
2022	351,326	351,326	-	4,052,215	8.70%

(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, 2022

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	\$ -	\$ 26,114	\$ 167,795	\$ 110,913	\$ 64,708	\$ 109,168	\$ 101,080	\$ 138	\$ 204,102	\$ 305,223	\$ 601,253	\$ 138,457
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expense	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	583	-	-	-	-	15,000	-	430	16,573	133,760
Total Assets	\$ -	\$ 26,114	\$ 168,378	\$ 110,913	\$ 64,708	\$ 109,168	\$ 101,080	\$ 15,138	\$ 204,102	\$ 305,653	\$ 617,826	\$ 272,217
<u>Liabilities</u>												
Accounts Payable	-	7	-	242	67,306	506	-	49	-	6,857	8,470	25,400
Accrued Vacation/Comp Time	-	-	3,564	5,791	3,993	8,268	-	-	-	-	-	-
Total Liabilities	-	7	3,564	6,033	71,299	8,774	-	49	-	6,857	8,470	25,400
<u>Fund Balance</u>												
Unassigned	-	26,107	164,814	104,880	(6,591)	100,394	101,080	15,089	204,102	298,796	609,356	246,817
Total Fund Balance	-	26,107	164,814	104,880	(6,591)	100,394	101,080	15,089	204,102	298,796	609,356	246,817
Total Liabilities and Fund Balance	\$ -	\$ 26,114	\$ 168,378	\$ 110,913	\$ 64,708	\$ 109,168	\$ 101,080	\$ 15,138	\$ 204,102	\$ 305,653	\$ 617,826	\$ 272,217

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

NEWTON COUNTY, TEXAS
 Combining Balance Sheet
 Non-Major Governmental Funds
 December 31, 2022

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	\$ 704,176	\$ 112,581	\$ 67,269	\$ 41,454	\$ 29,367	\$ 210,576	\$ 40,857	\$ 57,193	\$ 18,288	\$ 45,201	\$ 20,034	\$ 29,930
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expense	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	23,587	130	130	130	130	-	-	-	-	-	-	-
Total Assets	<u>\$ 727,763</u>	<u>\$ 112,711</u>	<u>\$ 67,399</u>	<u>\$ 41,584</u>	<u>\$ 29,497</u>	<u>\$ 210,576</u>	<u>\$ 40,857</u>	<u>\$ 57,193</u>	<u>\$ 18,288</u>	<u>\$ 45,201</u>	<u>\$ 20,034</u>	<u>\$ 29,930</u>
<u>Liabilities</u>												
Accounts Payable	15,428	-	-	-	-	1,891	-	-	-	-	288	11,937
Accrued Vacation/Comp Time	-	-	-	-	-	-	-	-	-	-	-	1,920
Total Liabilities	<u>15,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288</u>	<u>13,857</u>
<u>Fund Balance</u>												
Unassigned	712,335	112,711	67,399	41,584	29,497	208,685	40,857	57,193	18,288	45,201	19,746	16,073
Total Fund Balance	<u>712,335</u>	<u>112,711</u>	<u>67,399</u>	<u>41,584</u>	<u>29,497</u>	<u>208,685</u>	<u>40,857</u>	<u>57,193</u>	<u>18,288</u>	<u>45,201</u>	<u>19,746</u>	<u>16,073</u>
Total Liabilities and Fund Balance	<u>\$ 727,763</u>	<u>\$ 112,711</u>	<u>\$ 67,399</u>	<u>\$ 41,584</u>	<u>\$ 29,497</u>	<u>\$ 210,576</u>	<u>\$ 40,857</u>	<u>\$ 57,193</u>	<u>\$ 18,288</u>	<u>\$ 45,201</u>	<u>\$ 20,034</u>	<u>\$ 29,930</u>

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

NEWTON COUNTY, TEXAS
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2022

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	Cons pct 4 Contraband	Records Management	Pretrial Diversion	Civic Center Operations	State Fee Account
<u>Assets</u>												
Cash and Cash Equivalents	\$ 18,093	\$ 22,342	\$ 8,811	\$ 64	\$ -	\$ 3,236	\$ 14,702	\$ 3,962	\$ 12,302	\$ 40,265	\$ 1,559	\$ 19,040
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expense	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	1,248	-	-	-	-	-	448	-	40
Total Assets	\$ 18,093	\$ 22,342	\$ 8,811	\$ 1,312	\$ -	\$ 3,236	\$ 14,702	\$ 3,962	\$ 12,302	\$ 40,713	\$ 1,559	\$ 19,080
<u>Liabilities</u>												
Accounts Payable	1,636	-	5,389	566	-	-	-	-	-	442	315	19,080
Accrued Vacation/Comp Time	8	-	2,960	1,610	-	-	-	-	-	-	-	-
Total Liabilities	1,644	-	8,349	2,176	-	-	-	-	-	442	315	19,080
<u>Fund Balance</u>												
Unassigned	16,449	22,342	462	(864)	-	3,236	14,702	3,962	12,302	40,271	1,244	-
Total Fund Balance	16,449	22,342	462	(864)	-	3,236	14,702	3,962	12,302	40,271	1,244	-
Total Liabilities and Fund Balance	\$ 18,093	\$ 22,342	\$ 8,811	\$ 1,312	\$ -	\$ 3,236	\$ 14,702	\$ 3,962	\$ 12,302	\$ 40,713	\$ 1,559	\$ 19,080

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

NEWTON COUNTY, TEXAS
 Combining Balance Sheet
 Non-Major Governmental Funds
 December 31, 2022

Exhibit M

	92	93	97	Total
	Justice Court Technology	Federal Forest Fund	Debt Service	Nonmajor Governmental Funds
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,403	\$ 609	\$ 92,040	\$ 3,444,305
Investments	-	-	-	-
Prepaid Expense	-	-	-	-
Accounts Receivable	254	-	156,791	\$ 349,234
Total Assets	<u>\$ 1,657</u>	<u>\$ 609</u>	<u>\$ 248,831</u>	<u>\$ 3,793,539</u>
<u>Liabilities</u>				
Accounts Payable	-	-	-	165,809
Accrued Vacation/Comp Time	-	-	-	28,114
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,923</u>
<u>Fund Balance</u>				
Unassigned	1,657	609	248,831	3,599,616
Total Fund Balance	<u>1,657</u>	<u>609</u>	<u>248,831</u>	<u>3,599,616</u>
Total Liabilities and Fund Balance	<u>\$ 1,657</u>	<u>\$ 609</u>	<u>\$ 248,831</u>	<u>\$ 3,793,539</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, 2022

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,649	\$ 202,649	\$ 202,649
Intergovernmental	-	27,500	-	-	-	-	-	-	-	-	-	-
Fines and Fees	-	-	-	-	-	-	6,308	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	287	1,594	1,872	881	1,405	969	26	900	4,219	7,403	1,211
Other Revenue	-	-	-	-	-	-	-	-	-	-	14,883	213,900
Grants	-	-	-	-	-	-	-	43,587	-	-	-	-
Total Revenue	-	27,787	1,594	1,872	881	1,405	7,277	43,613	900	206,868	224,935	417,760
<u>Expenditures</u>												
Current												
General Administration	-	-	-	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	26,091	-	-	-	-	-	63,507	-	-	-	-
Public Facilities	-	-	-	-	-	-	523	-	-	220,381	267,445	264,391
Public Safety	-	-	233,607	349,053	255,330	268,478	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Principle Payment	-	-	233,719	15,156	146,772	73,745	-	-	-	-	-	-
Interest Expense	-	-	9,461	1,382	35,502	11,820	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	100,000	175,594	-
Total Expenditures	-	26,091	476,787	365,591	437,604	354,043	523	63,507	-	320,381	443,039	264,391
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	1,696	(475,193)	(363,719)	(436,723)	(352,638)	6,754	(19,894)	900	(113,513)	(218,104)	153,369
<u>Other Financing Sources (Uses)</u>												
Transfers In	-	-	530,478	303,836	402,474	372,863	-	35,000	-	2,973	246,113	20,960
Transfers In (Out)	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	530,478	303,836	402,474	372,863	-	35,000	-	2,973	246,113	20,960
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	1,696	55,285	(59,883)	(34,249)	20,225	6,754	15,106	900	(110,540)	28,009	174,329
Fund Balance As Previously Reported	-	24,411	109,529	164,763	27,658	80,169	94,326	(17)	203,202	409,336	581,347	72,488
Prior Period Adjustment - Note 7	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, as Restated	-	24,411	109,529	164,763	27,658	80,169	94,326	(17)	203,202	409,336	581,347	72,488
Fund Balance end of year	\$ -	\$ 26,107	\$ 164,814	\$ 104,880	\$ (6,591)	\$ 100,394	\$ 101,080	\$ 15,089	\$ 204,102	\$ 298,796	\$ 609,356	\$ 246,817

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, 2022

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	\$ 202,649	\$ 28,950	\$ 28,950	\$ 28,950	\$ 28,950	\$ -	\$ 6,709	\$ 6,709	\$ 6,709	\$ 6,709	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Fines and Fees	-	-	-	-	-	46,452	-	-	-	-	-	56,136
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Interest	5,382	1,113	822	408	777	1,988	355	518	126	421	208	775
Other Revenue	23,155	-	-	-	-	-	-	-	-	-	-	19,123
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	231,186	30,063	29,772	29,358	29,727	48,440	7,064	7,227	6,835	7,130	208	76,034
<u>Expenditures</u>												
Current												
General Administration	-	-	-	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-	-
Public Facilities	671,873	5,354	39,315	5,973	87,068	24,315	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	2,362	1,200	-
Health and Welfare	-	-	-	-	-	-	-	-	-	-	-	309,397
Conservation	-	-	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Principle Payment	-	-	-	-	-	3,677	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	888	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	671,873	5,354	39,315	5,973	87,068	28,880	-	-	-	2,362	1,200	309,397
Excess (Deficiency) of Revenues Over (Under) Expenditures	(440,687)	24,709	(9,543)	23,385	(57,341)	19,560	7,064	7,227	6,835	4,768	(992)	(233,363)
<u>Other Financing Sources (Uses)</u>												
Transfers In	713,530	-	-	-	-	-	-	-	-	-	-	250,000
Transfers In (Out)	-	-	-	-	-	(1,504)	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	713,530	-	-	-	-	(1,504)	-	-	-	-	-	250,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	272,843	24,709	(9,543)	23,385	(57,341)	18,056	7,064	7,227	6,835	4,768	(992)	16,637
Fund Balance As Previously Reported	439,490	88,002	76,942	18,199	86,838	190,629	33,793	49,966	11,453	40,433	20,738	(564)
Prior Period Adjustment - Note 7	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, as Restated	439,490	88,002	76,942	18,199	86,838	190,629	33,793	49,966	11,453	40,433	20,738	(564)
Fund Balance end of year	\$ 712,333	\$ 112,711	\$ 67,399	\$ 41,584	\$ 29,497	\$ 208,685	\$ 40,857	\$ 57,193	\$ 18,288	\$ 45,201	\$ 19,746	\$ 16,073

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, 2022

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	Con Pct 4 Contraband	Records Management	Pretrial Diversion	Civic Center Operations	State Fee Acct.
<u>Revenue</u>												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Fines and Fees	-	6,410	-	-	-	146	2,261	3,962	1,195	2,656	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Interest	427	186	680	255	-	31	158	-	110	408	17	-
Other Revenue	249	-	5,940	3,981	-	-	-	-	-	-	-	-
Grants	-	-	3,000	-	-	-	-	-	-	-	-	-
Total Revenue	676	6,596	9,620	4,236	-	177	2,419	3,962	1,305	3,064	17	-
<u>Expenditures</u>												
Current												
General Administration	53,990	-	-	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-	-	-	-
Legal	-	201	-	-	-	-	4,019	-	-	3,210	-	-
Public Facilities	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	135,715	53,822	-	-	-	-	-	-	427	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Principle Payment	-	-	1,731	1,561	-	-	-	-	-	-	-	-
Interest Expense	-	-	189	539	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	53,990	201	137,635	55,922	-	-	4,019	-	-	3,210	427	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,314)	6,395	(128,015)	(51,686)	-	177	(1,600)	3,962	1,305	(146)	(410)	-
<u>Other Financing Sources (Uses)</u>												
Transfers In	57,124	-	135,030	52,612	-	-	-	-	-	-	-	-
Transfers In (Out)	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	57,124	-	135,030	52,612	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,810	6,395	7,015	926	-	177	(1,600)	3,962	1,305	(146)	(410)	-
Fund Balance As Previously Reported	12,639	15,947	(6,553)	(1,791)	-	3,059	16,302	-	10,997	40,417	1,654	-
Prior Period Adjustment - Note 7	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, as Restated	12,639	15,947	(6,553)	(1,791)	-	3,059	16,302	-	10,997	40,417	1,654	-
Fund Balance end of year	\$ 16,449	\$ 22,342	\$ 462	\$ (865)	\$ -	\$ 3,236	\$ 14,702	\$ 3,962	\$ 12,302	\$ 40,271	\$ 1,244	\$ -

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, 2022

Exhibit N

	92	93	97	Total Nonmajor Governmental Funds
	Justice Court Technology	Federal Forest Fund	Debt Service	
<u>Revenue</u>				
Taxes	\$ -	\$ -	\$ 788,914	\$ 1,742,146
Intergovernmental	-	48,572	-	76,072
Fines and Fees	4,468	-	-	129,994
Miscellaneous	-	-	-	0
Interest	10	-	2,560	38,502
Other Revenue	-	-	-	281,231
Grants	-	-	-	46,587
Total Revenue	<u>4,478</u>	<u>48,572</u>	<u>791,474</u>	<u>2,314,532</u>
<u>Expenditures</u>				
Current				
General Administration	-	-	-	53,990
Judicial	-	-	-	-
Legal	10,855	-	-	107,883
Public Facilities	-	-	-	1,586,638
Public Safety	-	-	-	1,110,030
Health and Welfare	-	-	-	309,397
Conservation	-	34,544	-	34,544
Culture and Recreation	-	-	-	189,964
Debt Service	-	-	-	-
Principle Payment	3,233	-	-	479,594
Interest Expense	1,328	-	-	61,109
Capital Outlay	-	-	-	275,594
Total Expenditures	<u>15,416</u>	<u>34,544</u>	<u>-</u>	<u>4,208,743</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,938)</u>	<u>14,028</u>	<u>791,474</u>	<u>(1,894,211)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	10,448	-	-	3,133,441
Transfers In (Out)	-	(35,152)	(705,697)	(742,353)
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	<u>10,448</u>	<u>(35,152)</u>	<u>(705,697)</u>	<u>2,391,088</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(490)</u>	<u>(21,124)</u>	<u>85,777</u>	<u>496,877</u>
Fund Balance As Previously Reported	2,147	21,733	163,054	3,102,739
Prior Period Adjustment - Note 7	-	-	-	-
Fund Balance, as Restated	<u>2,147</u>	<u>21,733</u>	<u>163,054</u>	<u>3,102,739</u>
Fund Balance end of year	<u>\$ 1,657</u>	<u>\$ 609</u>	<u>\$ 248,831</u>	<u>\$ 3,599,616</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, 2022. 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, 2022.

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 items 2022-002 and 2022-003. 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. *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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003 to be significant deficiencies.

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

September 30, 2025

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, 2022, 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 September 30, 2025.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002 and 2022-003.

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

September 30, 2025

Newton County, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Schedule I

	Federal CFDA Number	Grant #	Amount of Award	Amount Expended
<u>National Endowment for the Humanities</u>				
Direct Programs				
Humanities Texas	45.129	2021-6304	4,800	4,800
Total National Endowment for the Humanities			4,800	4,800
<u>US Department of Commerce</u>				
Direct Programs				
Economic Development Admin	11.307	08-79-05307	2,070,000	3,300
Total U S Department of Commerce			2,070,000	3,300
<u>Department of Homeland Security</u>				
<i>Pass through agency: Governor's Department of Emergency Management</i>				
Disaster Grant - Public Assistance	97.036	DR 4332-TX	4,040,032	-
Disaster Grant - Public Assistance	97.036	DR 4266-TX	3,948,578	-
Disaster Grant - Public Assistance	97.036	DR-4266-TX	349,920	-
Disaster Grant - Public Assistance	97.036	DR 4572-TX	141,960	-
Disaster Grant - Public Assistance	97.036	DR-4485-TX	71,778	-
			8,552,268	-
<i>Pass through agency: Governor's Department of Emergency Management</i>				
Hazard Mitigation Grant	97.039	DR-1791-208	935,769	-
Hazard Mitigation Grant	97.039	DR-4223-056	1,347,747	15,814
Hazard Mitigation Grant	97.039	DR-4266-011	2,110,397	-
Hazard Mitigation Grant	97.039	DR-4266-002	119,641	-
Hazard Mitigation Grant	97.039	DR-4266-003	46,962	-
Hazard Mitigation Grant	97.039	DR-4332-TX	218,391	-
			4,778,907	15,814
<i>Pass through agency: Office of the Governor</i>				
Homeland Security Grant Program	97.067	4258501	14,770	14,770
Total Department of Homeland Security			13,345,945	30,584
<u>Department of Criminal Justice</u>				
<i>Pass-Through Agency: Office of the Governor</i>				
Violence Against Women	16.588	2559210	28,587	7,689
Violence Against Women	16.588	2559211	45,000	21,184
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-DJ-BX-0016	25,000	-
Body Worn Camera Program	16.738	2022-BC-ST-0020	14,309	14,309
Total Department of Criminal Justice			112,896	43,182
<u>Department of Housing and Urban Development</u>				
<i>Pass through agency: Texas General Land Office</i>				
CDBG Disaster Recovery-DR4223 093	14.228	18-384-000-B093	2,000,000	437,183
CDBG Disaster Recovery-DR4223 094	14.288	18-385-000-B094	2,000,000	-
CDBG Mitigation Program	14.228	22-082-018-D220	3,650,654	332,266
CDBG Disaster Recovery-DR4266	14.228	18-533-000-B277	10,447,771	896,985
CDBG Disaster Recovery-DR4266	14.228	18-535-000-B279	19,922,350	95,499.00
CDBG Disaster Recovery-DR4332	14.228	20-065-101-C274	1,609,719	721,865
CDBG Disaster Recovery-DR4332	14.228	20-066-015-C108	8,005,224	-
			47,635,718	2,483,798
<i>Pass through agency: Texas Department of Agriculture</i>				
CDBG Disaster Recovery	14.228	7220330	275,000	104,153
Total Department of Housing and Urban Development			47,910,718	2,587,951
<u>US Department of the Treasury</u>				
Coronavirus State and Local Fiscal Recovery Funds - American Rescue Plan Act of 2021	21.027	2020-CF-21019	2,640,669	1,784,038
Total US Department of the Treasury			2,640,669	1,784,038
<u>US Election Assistance Commission</u>				
<i>Pass through agency: Texas Secretary of State</i>				
HAVA Elections Security	90.404	TX18101001-01-176	120,000	120,000
Total US Election Assistance Commission			120,000	120,000
Total Federal Money Expended				\$4,573,855

Newton County, Texas
 Schedule of State of Texas Expenditures
 For the Year Ended December 31, 2022

Schedule II

	Grant I.D.	Amount of Award	Amount Expended
<u>Texas Comptroller</u>			
Texas Task Force on Indigent Defense	212-22-176	20,970	14,035
Total Texas Comptroller		20,970	14,035
<u>Office of Attorney General</u>			
Texas SAVNS/VINE Program	2219335-2022	8,944	6,708
Texas SAVNS/VINE Program	2344900-2023	7,568	1,892
Total Office of Attorney General		16,512	8,600
<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	9,709
Total Texas Commission on Environmental Quality		10,866	9,709
<u>Texas Historical Commission</u>			
Courthouse Restoration		1,100,000	30,071
Total Texas Historical Commission		1,100,000	30,071
<u>Texas Department of Transportation</u>			
County Transportation Infrastructure Grant Program	CTIF-02-076	178,849	0
Total Texas Department of Transportation		178,849	0
Total State of Texas Expended			62,415

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) and Texas Uniform Grant Management Standards. 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, 2022

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>	
21.027	American Rescue Plan of 2021	\$1,784,038
14.228	Department of Housing and Urban Development CDBG Disaster Recovery	 \$2,587,941

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**2022-01 Internal Control – Interim Reconciliation of General Ledger Accounts and Agency and Trust Funds**

Criteria: Timely reconciliation of general ledger accounts to underlying subsidiary schedules and journals is required by generally accepted accounting principles.

Condition: It appears The County of Newton, Texas does not reconcile underlying subsidiary schedules and journals on an interim basis to include, but not limited to cash, receivables, accounts payable, liabilities and other general ledger accounts on an interim basis. It appears Agency and Trust funds are not being reconciled on an interim basis.

Cause: It appears the County of Newton, Texas does not have functioning procedures in place to ensure a proper reconciliation of the County's general ledger to underlying subsidiary schedules and journals is performed on an interim basis. The County relies on outside resources to perform year-end reconciliations of general ledger accounts to underlying subsidiary schedules and journals and to reconcile Agency and Trust funds at year-end.

Effect: The inability to submit complete and accurate financial reports to Commissioners for planning purposes may lead to a less than desired financial position of the County.

Recommendation: The County of Newton, Texas's Commissioner's should adopt, and management should implement internal controls to ensure proper reconciliations on an interim basis.

Section III - Federal Award Findings and Questioned Costs

2022-02 Internal Control – Interim Reconciliation and Reporting

Criteria: OMB's Uniform Guidance 2 CFR 200.512 requires timely reconciliation and approval of grant expenditures prior to requesting reimbursement of grant expenditures from federal agencies.

Condition: It appears The County of Newton, Texas does not reconcile grant expenditures and seek management review and approval prior to requesting reimbursement for grant expenditures prior to submitting requests for reimbursement.

Cause: It appears the County of Newton, Texas management and staff relies heavily on outside resources to provide the necessary monitoring of grant activities and expenditures including compliance matters. In addition, it appears the County of Newton, Texas management and staff relies on outside resources to reconcile and prepare grant expenditure reimbursement requests for reimbursement.

Effect: The overreliance and the absence of reconciliation of grant expenditures prior to requests for reimbursement coupled with an understanding of required compliance attributes associated with each individual grant may lead to incomplete and inaccurate requests for reimbursement of grant expenditures.

Recommendation: The County of Newton, Texas's Commissioner's should adopt, and management should implement internal controls to ensure proper reconciliations be performed and management approval prior to requesting reimbursement for grant expenditures. In addition, the County of Newton, Texas's Commissioners should provide resources and support for the continued education and training of both management and staff regarding compliance attributes associated with requirements as per the Uniform Guidance 2 CFR 200.

2022-03 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 Auditor 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.

Section III - Federal Award Findings and Questioned Costs...continued

2022-03 Internal Control - Control Activities – Reporting...continued

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

2021-001 – Internal Control – Control Activities – Reporting

The County continues to implement policies and procedures to monitor the timely filing of the data collection form. The County continues its efforts to bring current the compliance requirements per the Uniform Guidance 2 CFR 200.

Financial Statement Findings

2022-001 Internal Control – Interim Reconciliation of General Ledger Accounts and Agency and Trust Funds

Corrective Action Plan:

The County will implement a quarterly reconciliation process.

Anticipated Completion Date:

Quarterly reconciliations will be implemented by the County Auditor and begin in fiscal year 2026.

Responsible Parties:

Sherry Moore, County Auditor

Federal Award Findings

2022-002 Internal Control – Interim Reconciliation and Reporting

Corrective Action Plan:

The County will implement procedures and coordinate with outside grant management sources to ensure all grant documentation is received, approved, and reconciled to the general ledger prior to submitting requests for reimbursement. The Commissioners will ensure adequate training is provided.

Anticipated Completion Date:

Full implementation should be accomplished by fiscal year 2026.

Responsible Parties:

Sherry Moore, County Auditor and Commissioners

2022-003 Internal Control – Reporting

Corrective Action Plan:

The Commissioner's of the County of Newton, Texas has reviewed the finding indicated as 2022-003 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:

September 30, 2025

Responsible Parties: Sherry Moore, County Auditor and Commissioners