NEWTON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended
December 31, 2024

NEWTON COUNTY, TEXAS
Annual Financial Report
For the Fiscal Year Ended December 31, 2024

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DIRECTORY OF OFFICIALS

COMMISSIONERS' COURT:

Ronald Cochran	County Judge
Danny Bentsen	Commissioner, Precinct No. 1
Phillip White	Commissioner, Precinct No. 2
Gary Fomby	Commissioner, Precinct No. 3
Leanord Powell, Jr.	Commissioner, Precinct No. 4

OTHER COUNTY OFFICIALS:

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

JUSTICE OF PEACE:

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

CONSTABLES:

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

FINANCIAL SECTION

R&A Charles E. Reed & Associates, P.C.
Certified Public Accountants & Consultants

Member
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
AICPA Private Companies Practice Section

INDEPENDENT AUDITOR'S REPORT

To the Honorable County Judge and
County Commissioners
County of 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, 2024, 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, 2024, 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.

3636 Professional Drive · Port Arthur, Texas · (409) 983-3277 · Fax: (409) 983-3270

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 Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on page 39, the Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual – Road and Bridge General Fund on page 40, the Schedule of Changes in Net Pension Liability and Related Ratios on page 41 and the Schedule of Employer Contributions on page 42 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 and 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 June 30, 2026, 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
June 30, 2026

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, 2024. 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 2024 by $26,858,870. Of this amount, $7,154,659 is considered unrestricted and may be used to meet the government's ongoing obligations.
- The County's total net position decreased by $603,886 in 2024.
- As of the close of the current fiscal year, the County's governmental funds reported a combined ending fund balance of $4,224,444. Of this balance, $752,812 is considered unassigned and $3,471,632 is considered assigned on December 31, 2024.
- The General Fund reported a fund balance of $1,460,827 at the end of the current fiscal year. The unassigned fund balance for the General Fund was $1,460,827 or 13.80% of total general fund expenditures (including transfers out).
- The County's total long-term debt decreased by $146,464 during the current fiscal year. Long-term debt was issued in the current fiscal year in the amount of $199,102.

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 basic governmental fund financial statements can be found on pages 12-15 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 had one proprietary fund in 2023. An enterprise fund which is used to report business-type activities for which a fee is charged to external uses for goods and services. The assets were transferred to the governmental funds during 2023.

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 20 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 budget compliance and progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 39 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Required Supplementary Information. 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 $26,858,870 at the close of the most recent fiscal year.

A portion of the County's net position, $19,704,211 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

	2024 Governmental Activities	2023 Governmental Activities	2024 Business-Type Activities	2023 Business-Type Activities
Current and other assets	$ 12,524,031	$15,291,252	$ -	$ -
Capital assets	19,238,491	19,478,875	-	-
Total assets	31,762,522	$34,770,127	$ -	$ -
Deferred outflows of resources	$ 92,651	$ 60,099	$ -	$ -
Long-term liabilities	511,430	657,894	-	-
Other liabilities	4,271,561	6,623,179	-	-
Total liabilities	$ 4,782,991	$ 7,281,073	$ -	$ -
Deferred Inflows of resources	$ 213,312	$ 86,397	$ -	$ -
Net position:				
Invested in capital assets, net of related debt	19,704,211	20,084,415	-	-
Restricted	-	-	-	-
Unrestricted	7,154,659	7,378,341	-	-
	$ 26,858,870	$27,462,756	$ -	$ -

The unrestricted net position $7,154,659 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

	2024 Governmental Activities	2023 Governmental Activities	2024 Business-Type Activities	2023 Business-Type Activities
REVENUES				
Charges for services	$ 1,040,225	$ 1,019,403	$ -	$ -
Operating grants and contributions	562,500	96,667	-	-
Capital Grants	10,217,255	5,917,236	-	-
General revenues:				
Property taxes	10,293,347	9,805,512	-	-
Intergovernmental (See Exhibit B)	70,958	100,945		
Miscellaneous	19,633	30,704	-	-
Interest income	135,708	137,957	-	-
Nonoperating Revenues	-	-	-	-
Other	362,468	566,463	-	-
Total Revenues	$ 22,702,094	$ 17,674,887	$ -	$ -
EXPENSES				
General government	$ 1,164,449	$ 1,006,633	$ -	$ -
Judicial	1,224,098	1,163,442	-	-
Legal	759,387	519,882	-	-
Financial administration	867,947	756,181	-	-
Public facilities	4,192,895	3,402,807	-	170,782
Public safety	13,865,364	9,380,021	-	-
Health and welfare	960,504	883,747	-	-
Conservation	11,054	23,786	-	-
Culture and recreation	208,814	185,071	-	-
Miscellaneous	4,418	32,428	-	-
Interest on long-term debt	47,050	51,790	-	-
Total Expenses before transfers	$ 23,305,980	$ 17,405,788	$ -	$ 170,782
Excess of Revenues over Expenses	$ (603,886)	$ 269,099	$ -	$ (170,782)
Transfers	-	8,820,786	-	(8,820,786)
Increase (decrease) in net position	$ (603,886)	$ 9,089,885	$ -	$ (8,991,568)
Net Position Beginning of Year	$ 27,462,756	$ 18,372,871	$ -	$ 8,991,568
Net Position End of Year	$ 26,858,870	$ 27,462,756	$ -	$ -

The government's total net position decreased by $603,886 during the current fiscal year. The County's governmental activities decreased due primarily to an increase in expenses.

<u>Financial Analysis of the Government's Funds</u>

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

<u>Governmental funds</u> - 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, both unassigned and assigned 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, 2024, the County's governmental funds reported combined ending fund balances of $4,224,444 a decrease of $1,078,831 in comparison with the prior year. Of this amount, $752,812 was classified as unassigned fund balance and $3,471,632 was classified as assigned fund balance, both of which are available for spending at the government's discretion.

The General Fund is the chief operating fund of the County. At December 31, 2024, unassigned and total fund balance of the General Fund was $1,460,827. As a measure of liquidity of the General Fund, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (including transfers out). Fund balance represents 13.80% of total General Fund expenditures (including transfers out).

The fund balance of the General Fund increased by $40,596 during 2024. It was budgeted at a decrease of $149,812 during this year. Therefore, comparison to budget shows positive variance. Revenue had a positive variance of $159,437 and expenditures had a negative variance of $(177,031), transfers a positive variance of $139,945 and issuance of debt a positive variance of $68,057.

The budget for the general fund was amended; the changes were: an increase in the expenditure budget by $149,812. The comparison between and the actual results significant variations were: total revenue received was more than budget by $159,437, public facilities spent more than budget by ($200,902), health and welfare spent less than budget by $136,343, capital outlay was more than budget by ($172,765).

Enterprise funds – The County had one enterprise fund – Correctional Facility 081, a detention center, which was acquired from the dissolution of the Newton County Public Facility Corporation on June 21, 2021. The remaining assets of the detention center were transferred to the general government during the year ending December 31, 2023. The building will be used to provide additional office space for the County. See additional information about the financial reporting entity and history of the enterprise fund in the notes to the financial statements, note 1 on page 20.

Capital Assets and Debt Administration

Capital assets - The County's investment in capital assets for governmental and business-type activities as of December 31, 2024, amounts to $19,238,491 (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	$ 1,394,400	$ -	$ 1,394,400
Other capital assets	17,844,091	-	17,844,091
	$ 19,238,491	$ -	$ 19,238,491

Additional information on the County's capital assets can be found in Note 1 on page 23 and Note 2 on pages 28-29.

Long-term debt - At December 31, 2024, the County had $511,430 total long-term debt outstanding of which $233,210 was due within one year.

DEBT OUTSTANDING

	Governmental Activities	Business-Type Activities
Lease Liability	$ 81,189	$ -
Notes Payable	430,241	-
	$ 511,430	$ -

The County's total liabilities and deferred inflows of resources outstanding at December 31, 2024, decreased by $2,371,167 from December 31, 2023, primarily due to a decrease in grant related construction contracts payable, however this decrease was offset by a decrease in the related grant reimbursements receivable. Additional information on the County's debt can be found in Note 3, beginning on page 29.

Economic Factors and Next Year's Budgets and Rates

Unemployment remained similar to prior year at 7%; the tax rate for 2023-2024 was .7095750, and property values increased. 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 2024 is similar to 2023.
- 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, 2024

Exhibit A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash & Cash Equivalents	$ 5,332,492	$ -	$ 5,332,492
Investments	775,339	-	775,339
Receivables:			
Accounts Receivable	2,858,413	-	2,858,413
Property Taxes Receivable	2,088,761	-	2,088,761
Allowance for Uncollectible Taxes	(60,000)	-	(60,000)
Net Pension Asset	1,450,445	-	1,450,445
Leased Assets - Net	78,581	-	78,581
Capital Assets			
Land	1,394,400	-	1,394,400
Capital Assets - Net	17,844,091	-	17,844,091
Total Assets	$ 31,762,522	$ -	$ 31,762,522
Deferred Outflows of Resources			
Deferred Outflows on Pensions	92,651	-	92,651
Total Deferred Outflows of Resources	$ 92,651	$ -	$ 92,651
Liabilities			
Accounts Payable	4,091,827	-	4,091,827
Accrued Payables	179,734	-	179,734
Long Term Liabilities			
Due Within One Year			
Lease Liability	22,855	-	22,855
Notes Payable	210,355	-	210,355
Due After OneYear			
Lease Liability	58,334	-	58,334
Notes Payable	219,886	-	219,886
Total Liabilities	$ 4,782,991	$ -	$ 4,782,991
Deferred Inflows of Resources			
Deferred Inflows on Pensions	213,312	-	213,312
Total Deferred Inflows of Resources	$ 213,312	$ -	$ 213,312
Net Position			
Investment in Capital Assets- Net of Debt	19,704,211	-	19,704,211
Restricted	-	-	-
Unrestricted	7,154,659	-	7,154,659
Total Net Position	$ 26,858,870	$ -	$ 26,858,870

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

NEWTON COUNTY, TEXAS
Statement of Activities
For the year ended December 31, 2024

Exhibit B

Functions-Programs	Expenses	Charges for Services	Program Specific Operating Grants	Program Specific Capital Grants	Governmental Activities Total	Business-Type Activities	Total
Governmental Activities:							
General Government	$ 1,164,449	$ -	$ 525,000	$ -	$ (639,449)	$ -	$ (639,449)
Judicial	1,224,098	1,040,225	-	-	(183,873)	-	(183,873)
Legal	759,387	-	37,500	-	(721,887)	-	(721,887)
Financial Administration	867,947		-	-	(867,947)	-	(867,947)
Public Facilities	4,192,895		-	673,731	(3,519,164)	-	(3,519,164)
Public Safety	13,865,364	-	-	9,543,524	(4,321,840)	-	(4,321,840)
Health & Welfare	960,504		-	-	(960,504)	-	(960,504)
Conservation	11,054		-	-	(11,054)	-	(11,054)
Culture & Recreation	208,814			-	(208,814)	-	(208,814)
Miscellaneous	4,418		-	-	(4,418)	-	(4,418)
Interest on Long-term Debt	47,050		-	-	(47,050)	-	(47,050)
Total Governmental Activities	23,305,980	1,040,225	562,500	10,217,255	(11,486,000)	-	(11,486,000)
Business-type Activities:							
Prison Facilities	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Business-type Activites	$ -	$ -	$ -	$ -	$ -	$ -	$ -

	Governmental Activities Total	Business-Type Activities	Total
General Revenues:			
Property Taxes	$ 10,293,347	$ -	$ 10,293,347
Intergovernmental	70,958	-	70,958
Miscellaneous	19,633	-	19,633
Nonoperating Revenues (Expenses)	-	-	-
Interest	135,708	-	135,708
Other	362,468	-	362,468
Transfers	-	-	-
Total General Revenues	10,882,114	-	10,882,114
Change in Net Position	(603,886)	-	(603,886)
Net Position at beginning of year	27,462,756	-	27,462,756
Net Position at end of year	$ 26,858,870	$ -	$ 26,858,870

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

NEWTON COUNTY, TEXAS

Balance Sheet

Governmental Funds

December 31, 2024

Exhibit C

	5,10,98,99	20	68	70	72	76			
	General Fund	Road & Bridge General	Hazard Mitigation Grant	Courthouse Emergency Grant	FEMA Grant	TDRA Grant	ARPA Grant	Total Non-Major Funds	Total Governmental Funds
Assets									
Cash and Cash Equivalents	$ 1,689,218	$ 47,533	$ 98,203	$ 94,281	$ 97,231	2,199	$ 13,100	$ 3,290,727	$ 5,332,492
Investments	775,339	-	-	-	-	-	-	-	775,339
Prepaid Expenses	-	-	-	-	-	-	-	-	-
Property Taxes Receivable	2,088,761	-	-	-	-	-	-	-	2,088,761
Allowance for Uncollectible Taxes	(60,000)	-	-	-	-	-	-	-	(60,000)
Accounts Receivable	105,494	-	-	9,346	-	2,719,376	-	24,197	2,858,413
Total Assets	$ 4,598,812	$ 47,533	$ 98,203	$ 103,627	$ 97,231	$ 2,721,575	$ 13,100	$ 3,314,924	$ 10,995,005
Liabilities									
Accounts Payable	485,520	4,857	806,031	52,393	18,318	2,465,479	-	259,229	4,091,827
Due to Other Government	-	-	-	-	-	-	-	-	-
Accrued Vacation/Comp Time	153,465	-	-	-	-	-	-	26,269	179,734
Total Liabilities	638,985	4,857	806,031	52,393	18,318	2,465,479	-	285,498	4,271,561
Deferred Inflows of Resources									
Deferred Inflows- Property Tax	1,942,959	-	-	-	-	-	-	-	1,942,959
Unavailable Revenue - Property Tax	556,041	-	-	-	-	-	-	-	556,041
Total Deferred Inflows of Resources	2,499,000	-	-	-	-	-	-	-	2,499,000
Fund Balances									
Unassigned	1,460,827	-	(707,828)	-	-	-	-	(187)	752,812
Assigned	-	42,676	-	51,234	78,913	256,096	13,100	3,029,613	3,471,632
Total Fund Balance	1,460,827	42,676	(707,828)	51,234	78,913	256,096	13,100	3,029,426	4,224,444
Total Liabilities and Fund Balances	$ 4,598,812	$ 47,533	$ 98,203	$ 103,627	$ 97,231	$ 2,721,575	$ 13,100	$ 3,314,924	$ 10,995,005

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

NEWTON COUNTY, TEXAS
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2024

Exhibit C-1

Total Fund Balances of Governmental Funds (Exhibit C)		$ 4,224,444
Capital assets and leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Leased Assets	78,581	
Capital Assets	19,238,491	19,317,072
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds		
Lease Liability	(81,189)	
Notes Payable	(430,241)	(511,430)
Net Pension Asset(Liability)		1,450,445
Deferred Outflows and Inflows of Resources		
Deferred Outflow on Pension	92,651	
Deferred Inflow on Pension	(213,312)	(120,661)
Other Long Term Assets not available to pay for current period expenditures, and therefore, are deferred in the funds - Unavailable & deferred	556,041	
Revenue - Property Tax	1,942,959	2,499,000
Net Position of Governmental Activities (Exhibit A)		$ 26,858,870

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, 2024

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	$ 7,834,352	$ 1,364,248	$ -	$ -	$ -	$ -	$ -	$ 1,037,955	$ 10,236,555
Intergovernmental	20,150	-	-	-	-	-	-	50,808	70,958
Fines and Fees	366,893	532,290	-	-	-	-	-	141,042	1,040,225
Licenses and Permits	-	-	-	-	-	-	-	-	-
Miscellaneous	19,633	-	-	-	-	-	-	-	19,633
Interest	79,478	5,280	-	5,939	-	-	-	45,011	135,708
Other Revenue	262,237	250	-	-	-	-	-	99,981	362,468
Grants	525,000	-	-	673,731	-	9,543,524	-	37,500	10,779,755
Total Revenue	$ 9,107,743	$ 1,902,068	$ -	$ 679,670	$ -	$ 9,543,524	$ -	$ 1,412,297	$ 22,645,302
Expenditures									
Current									
General Administration	894,758	294,173	-	-	-	-	-	60,583	1,249,514
Judicial	1,224,098	-	-	-	-	-	-	-	1,224,098
Legal	615,194	-	-	-	-	-	-	142,129	757,323
Financial Administration	867,947	-	-	-	-	-	-	-	867,947
Public Facilities	1,593,713	-	-	848,147	9,359	-	-	1,526,449	3,977,668
Public Safety	2,571,088	-		-		9,584,286	-	1,355,414	13,510,788
Health and Welfare	701,028	-	-	-	-	-	-	246,558	947,586
Conservation	-	-	-	-	-	-	-	11,054	11,054
Culture and Recreation	-	-	-	-	-	-	-	205,677	205,677
Miscellaneous	4,418	-	-	-	-	-	-	-	4,418
Debt Service									
Principal Payment	76,819	230,557	-	-	-	-	-	38,513	345,889
Interest Expense	7,184	28,521	-	-	-	-	-	11,345	47,050
Capital Outlay	283,765	-	-	-	-	-	-	436,640	720,405
Total Expenditures	$ 8,840,012	$ 553,251	$ -	$ 848,147	$ 9,359	$ 9,584,286	$ -	$ 4,034,362	$ 23,869,417
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 267,731	$ 1,348,817	$ -	$ (168,477)	$ (9,359)	$ (40,762)	$ -	$ (2,622,065)	$ (1,224,115)
Other Financing Sources									
Transfers In	1,155,870	11,054	266,177	912,257	-	220,660	-	2,366,199	4,932,217
Transfers (Out)	(1,451,062)	(1,844,840)	-	(900,000)	(87,250)	(8,700)	(629,311)	(11,054)	(4,932,217)
Issuance of Debt	68,057	-	-	-	-	-	-	77,227	145,284
Total Other Financing Sources	$ (227,135)	$ (1,833,786)	$ 266,177	$ 12,257	$ (87,250)	$ 211,960	$ (629,311)	$ 2,432,372	$ 145,284
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	40,596	(484,969)	266,177	(156,220)	(96,609)	171,198	(629,311)	(189,693)	(1,078,831)
Fund Balance - Beginning of Year	1,420,231	527,645	(974,005)	207,454	175,522	84,898	642,411	3,219,119	5,303,275
Fund Balance - End of Year	$ 1,460,827	$ 42,676	$ (707,828)	$ 51,234	$ 78,913	$ 256,096	$ 13,100	$ 3,029,426	$ 4,224,444

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

NEWTON COUNTY, TEXAS

Exhibit D-1

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, 2024

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds (Exhibit D)		(1,078,831)
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/amortization expense. The amount by which capital outlays exceeded depreciation/amortization in the current period:		
Capital Outlay	720,405	
Depreciation	(958,113)	
Amortization	(25,184)	
Capital Asset Disposition	(2,675)	(265,567)
Actuarially calculated additional pension expense not using current-period finacial resources		
Change in Asset/Liability	577,801	
Change in deferred inflow/outflow	(94,363)	483,438
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	(145,284)	
Payment of Principal	345,889	
Debt adjustment	(323)	200,282
Revenues in statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
change in unavailable revenue	(32,787)	
change in deferred tax	89,579	56,792
Change in Net Position of Governmental Activities (Exhibit B)		$ (603,886)

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

NEWTON COUNTY, TEXAS
Statement of Net Position - Proprietary Funds
December 31, 2024

Exhibit E

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

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, 2024

Exhibit F

	Business-Type Activities Enterprise Fund Correctional Facility 081	Total
Operating Revenue		
Project Revenues	$ -	$ -
Total Operating Revenues	$ -	$ -
Operating Expenses		
Management Fees	-	-
Depreciation	-	-
Insurance	-	-
Legal and Professional	-	-
Repairs and Maintenance	-	-
Operating Expense	-	-
Total Operating Expenses	$ -	$ -
Operating Income (Loss)	$ -	$ -
Nonoperating Revenues (Expenses)		
Interest Income	-	-
Insurance Proceeds	-	-
Gain on Bond Settlement	-	-
Miscellaneous Income (Expenses)	-	-
Total Nonoperating Revenues (Expenses)	$ -	$ -
Transfers	-	-
Change in Net Position	-	-
Total Net Position at Beginning of Year	$ -	$ -
Total Net Position at End of Year	$ -	$ -

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, 2024

Exhibit G

	Business-Type Activities Enterprise Fund Correctional Facility 081	Total
Cash Flows From Operating Activities		
Receipts from Customers	$ -	$ -
Payment for Goods and Services	-	-
Net Cash Provided (Used) by Operating Activities	-	-
Cash Flows from Non-Capital Financing Sources (Uses)		
Accounts Payable	-	-
Transfers	-	-
Net Cash Provided (Used) by Non-Capital Financing Sources	-	-
Net Increase(Decrease) in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at Beginning of Year		
Unrestricted Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at End of Year		
Unrestricted Cash and Cash Equivalents	$ -	$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$ -	$ -
Depreciation	-	-
Increase (Decrease) in Other Miscellaneous Items	-	-
Net Cash Provided (Used) by Operating Activities	$ -	$ -
Interest Paid	$ -	$ -

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

NEWTON COUNTY, TEXAS
Statement of Net Position
Fiduciary Funds - Custodial Funds
December 31, 2024

Exhibit H

	Sheriff Office	Criminal District Attorney	District Clerk Fee Fund	District Clerk Trust	County Clerk Fee Fund	County Clerk Trust Fund	Tax Assessor Collector	Total
Assets								
Cash	$1,096	$ 3,721	$548,049	$ 51,631	$21,049	$130,052	$1,455,967	$2,211,565
Total Assets	1,096	3,721	548,049	51,631	21,049	130,052	1,455,967	2,211,565
Liabilities								
Liabilities								
Payabale to Newton								-
County Beneficiaries	1,096	3,721	548,049	51,631	21,049	130,052	1,455,967	2,211,565
Total Liabilities	1,096	3,721	548,049	51,631	21,049	130,052	1,455,967	2,211,565
Fiduciary Net Position	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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

NEWTON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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 had one enterprise fund – Correctional Facility 081, a detention center, which was acquired from the dissolution of the Newton County Public Facility Corporation on June 21, 2021. The remaining assets of the detention center were transferred to the general government during the year ending December 31, 2023. The building will be used to provide additional office space for the County.

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 lessened the local tax burden. The Project Revenue Bonds were 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 Facility Corporation defaulted on its principal payments to Bond Holders and was servicing interest due to the Bondholders from money that remained in the reserve fund. The Newton County Facility Corporation could not 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 theft and damage to the facility. On June 21, 2021, the Newton County Public Facility Corporation conveyed to the County the property, plant and equipment known as the detention center to the County. The Newton County Public Facility 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 statement of activities) report information on all the non-fiduciary activities of the primary government. 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, grants, 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 General Fund* – The Road & Bridge Fund is used to maintain county roads, bridges, ditches, etc. throughout the County.
- *Hazard Mitigation Grant Fund* – This fund accounts for grants for mitigation of hazards.
- *TDRA Grant Fund* – This fund accounts primarily for grants for disaster recovery and mitigation.

- *Courthouse Emergency Grant Fund*- This fund accounts primarily for grants received for courthouse improvements.
- *ARPA Grant* – This fund accounts primarily for ARPA grants.

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, 2024, 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.

Leased Assets and Lease Liability
Leases, other than short-term leases and leases that transfer ownership at the end of the contract without termination options (financed purchases) are recorded as leased assets with a corresponding lease liability in the government-wide financial statements. The lease liability is measured at the present value of the payments expected to be made during the lease term. The leased asset right of use asset is measured equal to the lease liability plus any prepayment or certain initial direct costs.

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 asset 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:

Assets	Years
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 position.

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 bridge funds. The County first applies restricted funds then unrestricted to expenditures.

Government-Wide Net Assets / Fund Balances – Governmental Funds
The County 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 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 do 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 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, additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, additional action is essential to either remove or revise a commitment.

Fund Deficit
As of December 31, 2024, the following funds had deficit fund balances: Fund 68 Hazard Mitigation $(707,828) and Fund 80 Civic Center $(187).

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 - DETAILED NOTES ON ALL FUNDS

Deposits

The carrying amount of the County's deposits as of December 31, 2024, was $5,332,492, and the bank balances were $6,840,687. Of the bank balance, $250,000 was covered by FDIC insurance and up to $20,105,208 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 fund balances totaled $2,211,565.

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, $775,339, are invested with First Financial Trust; $775,339 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, 2024, for the governmental funds of the County:

	General	Grants	Other	Total
Property taxes	$ 2,088,761	$ -	$ -	$ 2,088,761
Accounts	105,494	2,728,722	24,197	2,858,413
	2,194,255	2,728,722	24,197	4,947,174
Allowance for Uncollectibles	(60,000)	-	-	(60,000)
	$ 2,134,255	$ 2,728,722	$ 24,197	$ 4,887,174

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

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

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

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

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

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 2023 tax rate was \$.7199140 per \$100.00 valuation assessed at 100% of market value. The 2024 tax rate is set at \$.7095750 per \$100 valuation.

Leased Assets

Leased Asset activity for the year ended December 31, 2024, was as follows:

General Government Leased Asset	Balance	Additions	Deletions	Balance	Life
Copiers	$ 173,731	$ 53,819	$ 6,500	$ 221,050	5yr
Total Leased Assets	173,731	53,819	6,500	221,050	
Less: Amortization	123,785	25,184	6,500	142,469	
Total	$ 49,946	$ 28,635	$ -	$ 78,581	

Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

General Government

Asset	Balance	Additions	Deletions	Balance	Life
Land	$ 1,394,400	$ -	$ -	$ 1,394,400	N/A
Buildings	25,892,489	299,743	-	26,192,232	50
Equipment	10,826,616	599,973	429,871	10,996,718	7
Infrastructure	17,562,021	-	-	17,562,021	40
Construction in Progress	179,312	120,431	299,743	-	
	$ 55,854,838	$ 1,020,147	$ 729,614	$ 56,145,371	

Accumulated Depreciation	Prior	Additions	Deletions	Ending A/D	Book Value
Land	$ -	$ -	$ -	$ -	$ 1,394,400
Buildings	10,967,374	226,823	-	11,194,197	14,998,035
Equipment	8,350,736	696,919	427,196	8,620,459	2,376,259
Infrastructure	17,057,853	34,371	-	17,092,224	469,797
Book Value of C/P	-	-	-	-	-
	$ 36,375,963	$ 958,113	$ 427,196	$ 36,906,880	19,238,491

Governmental Activities:

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

Government Activities:		
General Government	$	379,832
Public Safety		354,576
Public Facilities		209,173
Health and Welfare		12,918
Culture and Recreation		1,614
Total Depreciation Expense - Government Activities	$	958,113

Enterprise Fund:

Enterprise Fund

Asset	Balance	Additions	Deletions	Balance
Land	$ -	$ -	$ -	$ -
Building	-	-	-	-
Total Assets	$ -	$ -	$ -	$ -
Less Accumulated Depreciation	-	-	-	-
TOTAL	$ -	$ -	$ -	$ -

Lease Liability

Lease liability activity during the year ending December 31, 2024, was as follows:

Description	Interest Rate	Beginning Balance 1/1/2024	Debt Issuance	Principal Payments	Interest Payments	Other Adjustments	Ending Balance 12/31/2024	Due in One Year
Copiers	6.10%	55,543	53,818	28,172	3,970	-	81,189	22,855
Total Copiers		$ 55,543	$53,818	$28,172	$ 3,970	$ -	$ 81,189	$ 22,855

Lease service requirements to maturity are as follows:

Year	Principal	Interest	Total
2025	$ 22,855	$ 4,414	$ 27,269
2026	$ 21,195	$ 2,972	$ 24,167
2027	$ 16,026	$ 1,748	$ 17,774
2028	$ 11,547	$ 969	$ 12,516
2029	$ 9,566	$ 257	$ 9,823
	$ 81,189	$ 10,360	$ 91,549

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, 2024.

Long-Term Debt activity during the year ending December 31, 2024, was as follows:

Description	Interest Rate	Beginning Balance 1/1/2024	Debt Issuance	Principal Payments	Interest Payments	Other Adjustments	Ending Balance 12/31/2024	Due in One Year	Maturity
2023 F150 Police Resp	6.25%	34,404	-	10,780	2,153	-	23,624	11,453	2026
2023 F150 Police Resp	6.25%	34,404	-	10,780	2,153	-	23,624	11,453	2026
2024 F150 Police Resp	6.50%	-	68,057	35,000	-	-	33,057	10,332	2027
2021 Peterbilt 337	2.96%	74,108	-	74,485	2,090	377	-	-	2024
2021 Ford F-250 SD	2.96%	17,399	-	17,410	527	11	-	-	2024
2021 Ford F-250 SD (pct 1)	2.96%	16,072	-	16,036	494	(36)	-	-	2024
2021 Ford F-250 SD (pct2)	2.96%	16,072	-	16,036	494	(36)	-	-	2024
2 Cat 12M3 Graders	5.35%	-	-	-	16,308	-	-	-	2023
Wheel Excavator	3.35%	161,172	-	30,190	6,308	-	130,982	130,982	2025
2021 Mack Pinnacle	2.96%	42,129	-	42,136	1,282	7	-	-	2024
2021 Ford F-250 SD (pct 3)	2.96%	16,072	-	16,072	477	-	-	-	2024
2021 Ford F-350 SD (pct 3)	2.96%	18,191	-	18,191	540	-	-	-	2024
2023 John Deere/Tiger	5.95%	172,328	-	30,601	10,254	-	141,727	32,422	2028
2023 Kubota Track Loader	5.95%	-	77,227	-	-	-	77,227	13,713	2029
		$ 602,351	$ 145,284	$317,717	$ 43,080	$ 323	$ 430,241	$210,355	

Debt is secured by the equipment and assets.

Debt services requirements to maturity are as follows:

Year	Principal	Interest	Total
2025	$ 210,355	$ 23,650	$ 234,005
2026	$ 84,227	$ 13,283	$ 97,510
2027	$ 63,508	$ 8,136	$ 71,644
2028	$ 54,870	$ 4,292	$ 59,162
2029	$ 17,281	$ 1,027	$ 18,308
	$ 430,241	$ 50,388	$ 480,629

Individual Interfund Transactions

Transfers are as follows

Fund	Transfers In	Transfers Out
Governmental Funds		
General	$ 1,155,870	$ 2,080,373
Road & Bridge - General	11,054	1,844,840
Road & Bridge Pct. 1	461,210	-
Road & Bridge Pct.2	461,210	-
Road & Bridge Pct. 3	461,210	-
Road & Bridge Pct. 4	461,210	-
Commissioners Special Pct. 3	87,250	-
Solid Waste Disposal	140,000	-
Voter Registration	57,124	-
Library	163,592	-
Historical Operating	57,920	-
Pretrial Diversion	3,758	-
Hazard Mitigation Grant	266,177	-
Courthouse Emergency Grant	912,257	900,000
FEMA	-	87,250
TDRA Grant	220,660	8,700
Technology Fund	11,715	-
Federal Forest Fund	-	11,054
Debt Service	-	-
	$ 4,932,217	$ 4,932,217

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

NOTE 3 - 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 a lawsuit with a Citizen of its County who has sued Newton County in state and federal court. The Federal Court claims have since been dismissed but the State Court Claims are still pending. The County anticipates the State Court Claim to be dismissed as well, likely in 2026.

There have also been ongoing Opioid cases over time in which Newton County are a party to a large class of plaintiffs in which the County has outside counsel representation. As of the date of the report, the final defendants are in the process of settling their cases with the County.

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 4 – 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 calculated 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 county for 2024 are shown in the Schedule of Employer Contributions.

e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, TCDRS.org/employer.

Membership Information

Members	December 31, 2023		December 31, 2024	
Number of inactive employees entitled to but not yet receiving benefits		129		130
Number of active employees		115		108
Average monthly salary*	$	2,755	$	3,208
Average age*		51.91		51.79
Average length of service in years*		8.17		8.13
Inactive employees (or their beneficiaries) receiving benefits				
Number of benefit recipients		77		82
Average monthly benefit	$	862	$	929

**Averages reported for all active employees.*

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions
As of December 31, 2024, Newton County reported a net pension liability / (asset) of $(1,450,445). The net pension liability / (asset) was determined by an actuarial valuation as of December 31, 2023. 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, 2024, Newton County recognized pension income of $483,438.
At December 31, 2024, Newton County reported deferred outflows and inflows of resources as follows:

Deferred Outflows - $92,651
Deferred Inflows – $213,312

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, 2024 funding valuation (see Appendix C, following for details), except as noted below and throughout this report. Please see the Newton County December 31, 2024 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 (Level percent of pay) [(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% (Gross of administrative expenses)
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 the replacement life entry age cost method is used for the funding actuarial valuation, which differs from the GASB-required approach in that it assumes that the current benefit provisions always applied.

<u>Appendix C-Actuarial Methods and Assumptions Used for Funding Valuation</u>

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, 2024 financial reporting metrics are the same as those used in the December 31, 2024 actuarial valuation analysis for Newton County.

The following is a description of the assumptions used in the December 31, 2024 actuarial valuation analysis for Newton County. This information may also be found in the Newton County December 31, 2024 Summary Valuation report.

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

	December 31, 2023	December 31, 2024
Discount rate (2)	7.60%	7.60%
Long-term expected rate of return, net of investment expense (2)	7.60%	7.60%
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.

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 that the benefit payments that are projected to ne 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.

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.

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. For GASB 68 this long-term assumed rate of return is net of investment expenses, but gross of administrative expenses. Therefore, we have used a discount rate of 7.60% which reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

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

Projection of Fiduciary Net Position*

Calendar Year Ending**	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses*** (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2025	18,629,812	642,903	1,050,828	18,630	1,399,953	19,603,210
2026	19,603,211	601,756	1,114,526	19,603	1,469,984	20,540,822
2027	20,540,822	574,944	1,152,638	20,541	1,538,786	21,481,373
2028	21,481,373	544,494	1,194,659	21,481	1,607,529	22,417,256
2029	22,417,257	512,731	1,264,842	22,417	1,674,818	23,317,547
2030	23,317,547	489,600	1,327,399	23,318	1,740,010	24,196,440
2040	31,247,524	324,123	1,910,140	31,248	2,314,481	31,944,740
2050	38,610,191	279,474	2,170,415	38,610	2,862,394	39,543,034
2060	52,793,898	316,512	1,893,282	52,794	3,951,547	55,115,881
2070	90,183,500	413,004	1,176,967	90,184	6,822,083	96,151,436
2080	179,060,798	554,251	584,109	179,061	13,600,827	192,452,706
2090	371,981,442	744,867	185,465	371,981	28,277,581	400,446,444
2100	777,234,245	1,001,039	20,169	777,234	59,077,399	836,515,280

* 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	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	$ 19,267,281	$ 17,179,367	$ 15,418,901
Fiduciary net position	18,629,812	18,629,812	18,629,812
Net pension liability/asset	$ 637,469	$ (1,450,445)	$ (3,210,911)

Pension Plan Fiduciary Net Position

Changes in Net Pension Liability / Asset

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2023	$ 16,290,181	$ 17,162,825	$ (872,644)
Changes for the year:			
Service Cost	488,538	-	488,538
Interest on pension liability (1)	1,238,734	-	1,238,734
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	138,976	-	138,976
Effect of assumptions changes or inputs	-	-	-
Refund of Contributions	(116,102)	(116,102)	-
Benefit Payments	(860,960)	(860,960)	-
Administrative expenses		(10,141)	10,141
Member contributions	-	321,322	(321,322)
Net investment income	-	1,743,992	(1,743,992)
Employer contributions	-	397,981	(397,981)
Other (3)	-	(9,105)	9,105
Balances as of December 31, 2024	$ 17,179,367	$ 18,629,812	$ (1,450,445)

(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 5– ENTERPRISE FUND

As noted in the discussion of the financial reporting entity in Note 1, the County had one enterprise fund, Correctional Facility 081, a detention center, which was acquired from the dissolution of the Newton County Public Facility Corporation, on June 21, 2021. During the year ended December 31, 2023, the assets of this enterprise fund were transferred to the general government. The building will be used to provide additional office space for the County.

NOTE 6– SUBSEQUENT EVENTS

Events occurring subsequent to December 31, 2024, were evaluated by management and reviewed through June 30, 2026, the date of report issuance. The following subsequent events were noted.

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, 2024, $806,991 for fund 68 and $18,561 for fund 72 is included as a liability in the County's financial statements. The County has received an extension of time to submit additional documentation to justify the expenditures. At the date of this report $225,000 has been reimbursed to TDEM from fund 68 and $0 has been reimbursed to TDEM from fund 72, the amount of additional reimbursement from the County, if any, is unknown.

GRANT FUNDING

During the year ending December 31, 2025, certain grant funding stopped because of delinquent financial audit reporting, in addition, the County is unable to apply for new grants without the completed audits. The County expects to have their audit status current by the deadline of their December 31, 2025, year-end financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

NEWTON COUNTY, TEXAS

Statement of Revenue, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the year ended December 31, 2024

Exhibit J-1

	Original Budget Original	Final Budget Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUE				
Taxes	$ 7,749,533	$ 7,749,533	$ 7,834,352	$ 84,819
Intergovernmental	25,200	25,200	20,150	(5,050)
Fines and Fees	318,765	318,765	366,893	48,128
Licenses & Permits	100	100	-	(100)
Miscellaneous	28,500	28,500	19,633	(8,867)
Interest	47,200	47,200	79,478	32,278
Other Revenue	254,008	254,008	262,237	8,229
Grants	525,000	525,000	525,000	-
Total Revenue	8,948,306	8,948,306	9,107,743	159,437
EXPENDITURES				
Current				
General Administration	882,903	882,903	894,758	(11,855)
Judicial	1,254,385	1,260,223	1,224,098	36,125
Legal	607,829	516,985	615,194	(98,209)
Financial Administration	838,196	873,533	867,947	5,586
Public Facilities	1,147,730	1,392,811	1,593,713	(200,902)
Public Safety	2,667,010	2,667,010	2,571,088	95,922
Health and Welfare	837,971	837,371	701,028	136,343
Conservation	460	460	-	460
Miscellaneous	-	-	4,418	(4,418)
Principal Payment	107,832	107,832	76,819	31,013
Interest Expense	12,853	12,853	7,184	5,669
Capital Outlay	156,000	111,000	283,765	(172,765)
TOTAL EXPENDITURES	8,513,169	8,662,981	8,840,012	(177,031)
Excess(Deficiency) of Rev Over(Under) Expenditures	435,137	285,325	267,731	(17,594)
Other Finance Sources(Uses)				
Transfers In	-	-	1,155,870	1,155,870
Transfers Out	(435,137)	(435,137)	(1,451,062)	(1,015,925)
Issuance of Debt	-	-	68,057	68,057
Total Other Finance Sources(Uses)	(435,137)	(435,137)	(227,135)	208,002
Excess(Deficiency) of Revenue Over(Under) Expenses & Other Financial Sources(Uses)	-	(149,812)	40,596	190,408
Fund Balance - Beginning of Period	1,420,231	1,420,231	1,420,231	-
Fund Balance - End of Period	$ 1,420,231	$ 1,270,419	$ 1,460,827	$ 190,408

The accompanying notes are an integral part of this financial statement

NEWTON COUNTY, TEXAS

Exhibit J-2

Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget and Actual - Road and Bridge General Fund
For the year ended December 31, 2024

	Original Budget Original	Final Budget Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUE				
Taxes	$ 1,365,059	$ 1,365,059	$ 1,364,248	$ (811)
Intergovernmental	-	-	-	-
Fines and Fees	505,000	505,000	532,290	27,290
Licenses & Permits	-	-	-	-
Miscellaneous	-	-	-	-
Interest	8,000	8,000	5,280	(2,720)
Grants	-	-	-	-
Other Revenue	-	-	250	250
Total Revenue	1,878,059	1,878,059	1,902,068	24,009
EXPENDITURES				
Current				
General Administration	396,130	396,130	294,173	101,957
Judicial	-	-	-	-
Legal	-	-	-	-
Financial Administration	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Conservation	-	-	-	-
Miscellaneous	-	-	-	-
Principal Payment	233,495	233,495	230,557	2,938
Interest Expense	8,898	8,898	28,521	(19,623)
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	638,523	638,523	553,251	85,272
Excess(Deficiency) of Rev Over(Under) Expenditures	1,239,536	1,239,536	1,348,817	109,281
Other Finance Sources(Uses)				
Transfers In	245,104	245,104	11,054	(234,050)
Transfers Out	(1,484,640)	(1,484,640)	(1,844,840)	(360,200)
Issuance of Debt	-	-	-	-
Total Other Finance Sources(Uses)	(1,239,536)	(1,239,536)	(1,833,786)	(594,250)
Excess(Deficiency) of Revenue Over(Under) Expenses & Other Financial Sources(Uses)	(0)	(0)	(484,969)	(484,969)
Fund Balance - Beginning of Period	527,645	527,645	527,645	-
Fund Balance - End of Period	$ 527,645	$ 527,645	$ 42,676	$ (484,969)

The accompanying notes are an integral part of this financial statement

NOTE 1 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, however, no budget is adopted for certain special revenue funds where funds are designated for specific purposes as identified in the grant award documents which adopt grant year or project length financial plans. 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 expenditure exceeds 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.

- Actual expenditures in the general fund exceeded the budget by $177,031, however the County had an overall positive variance for the period ending December 31, 2024, of $190,408 due to an increase in revenue $159,437 and other finance sources $208,002 over final budgeted amounts.

NEWTON COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2024

Exhibit K-1

Schedule of Changes in Net Pension Liability and Related Ratios

Year ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	$ 488,538	$ 450,137	$ 499,490	$ 561,073	$ 410,846	$ 361,769	$ 369,897	$ 355,450	$ 400,458	$ 366,497
Interest on total pension liability	1,238,734	1,191,550	1,143,867	1,103,653	1,032,386	959,003	909,307	850,736	792,498	754,382
Effect on plan changes	-	-	-	-	-	-	-	-	-	(45,725)
Effect on assumption changes or inputs	-	-	-	(77,039)	787,169	-	-	64,619	-	125,075
Effect of economic/demographic (gains) or losses	138,976	(87,591)	(84,011)	(184,390)	161,316	183,368	(101,536)	(49,448)	(106,848)	(323,707)
Benefit payments/refunds of contributions	(977,062)	(966,442)	(801,739)	(823,035)	(709,623)	(587,276)	(525,939)	(499,957)	(551,531)	(471,101)
Net change in total pension liability	$ 889,186	$ 587,655	$ 757,606	$ 580,262	$ 1,682,094	$ 916,864	$ 651,729	$ 721,400	$ 534,577	$ 402,422
Total pension liability - beginning	16,290,181	15,702,526	14,944,920	14,364,658	12,682,564	11,765,700	11,113,971	10,392,571	10,392,571	9,455,572
Total pension liability - ending (a)	$ 17,179,367	$ 16,290,181	$ 15,702,526	$ 14,944,920	$ 14,364,658	$ 12,682,564	$ 11,765,700	$ 11,113,971	$ 10,392,571	$ 9,857,994
Fiduciary Net Position										
Employer Contributions	397,981	339,164	351,326	$ 362,506	$ 368,882	$ 289,784	$ 264,855	$ 250,532	$ 248,048	$ 243,170
Member Contributions	321,322	273,835	283,655	300,301	305,579	239,755	219,405	207,542	205,485	201,439
Investment income net of investment expenses	1,743,992	1,733,300	(980,536)	3,071,556	1,321,380	1,814,007	(211,124)	1,446,072	689,044	(8,658)
Benefit payments/refunds of contributions	(977,062)	(966,442)	(801,739)	(823,035)	(709,623)	(587,276)	(525,939)	(499,957)	(551,531)	(471,101)
Administrative expenses	(10,141)	(8,962)	(9,261)	(9,180)	(10,294)	(9,748)	(8,872)	(7,520)	(7,493)	(6,762)
Other	(9,105)	(11,355)	(9,297)	(665)	185	(818)	(106)	(632)	7,241	(115,540)
Net change in fiduciary net pension	1,466,987	1,359,541	(1,165,853)	2,901,482	1,276,109	1,745,704	(261,781)	1,396,037	590,794	(157,451)
Fiduciary net pension - beginning	17,182,825	15,803,283	16,969,136	14,067,654	12,791,545	11,045,841	11,307,622	9,911,585	9,320,792	9,478,243
Fiduciary net pension - ending	18,649,812	17,162,825	15,803,283	$ 16,969,136	$ 14,067,654	$ 12,791,545	$ 11,045,841	$ 11,307,622	$ 9,911,585	$ 9,320,792
Net pension liabiltiy/asset = (a) - (b)	(1,470,445)	(872,644)	(100,757)	$ (2,024,216)	$ 297,004	$ (108,981)	$ 719,858	$ (193,651)	$ 480,986	$ 537,202
Fiduciary net postion as a % of total pension liability	108.44%	105.36%	100.64%	113.54%	97.93%	100.86%	93.88%	101.74%	95.37%	94.55%
Pensionable covered payroll	4,590,318	3,911,932	4,052,215	$ 4,290,012	$ 4,365,408	$ 3,245,068	$ 3,134,361	$ 2,964,890	$ 2,935,500	$ 2,877,707
Net pension liability as a % of covered payroll	-31.60%	-22.31%	-2.49%	-47.18%	6.80%	-3.18%	22.97%	-6.53%	16.39%	18.67%

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, 2024

Exhibit K-2

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contributions (1)	Actual Employer Contributions (1)	Contribution Deficiency (Excess)	Pensionable Covered Paytoll (2)	Actual Contribution as a % of Covered Payroll
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%
2023	288,309	339,164	(50,855)	3,911,932	8.70%
2024	346,569	397,981	(51,412)	4,590,318	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.

(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, 2024

Exhibit L

	19	21	22	23	24	25	29	30	31	32	33
	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
Assets											
Cash and Cash Equivalents	$ 24,440	$ 323,016	$ 83,892	$ 159,834	$ 104,697	$ 112,766	$ 4,421	$ 203,429	$ 374,079	$ 368,003	$ 100,449
Investments	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expense	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-	1,608	1,608	1,608
Total Assets	$ 24,440	$ 323,016	$ 83,892	$ 159,834	$ 104,697	$ 112,766	$ 4,421	$ 203,429	$ 375,687	$ 369,611	$ 102,057
Liabilities											
Accounts Payable	59	4,423	7,752	9,813	8,099	20	115	-	14,638	31,818	4,690
Accrued Vacation/Comp Tir	-	3,185	5,113	5,732	3,811	-	-	-	-	-	-
Total Liabilities	59	7,608	12,865	15,545	11,910	20	115	-	14,638	31,818	4,690
Fund Balance											
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Assigned	24,381	315,408	71,027	144,289	92,787	112,746	4,306	203,429	361,049	337,793	97,367
Total Fund Balance	24,381	315,408	71,027	144,289	92,787	112,746	4,306	203,429	361,049	337,793	97,367
Total Liabilities and Fund B:	$ 24,440	$ 323,016	$ 83,892	$ 159,834	$ 104,697	$ 112,766	$ 4,421	$ 203,429	$ 375,687	$ 369,611	$ 102,057

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

NEWTON COUNTY, TEXAS
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2024

Exhibit L

	34	36	37	38	39	40	41	42	43	44	48
	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
Assets											
Cash and Cash Equivalents	$ 378,714	$ 171,327	$ 94,172	$ 9,582	$ 32,286	$ 154,100	$ 53,535	$ 70,195	$ 28,099	$ 14,686	$ 16,450
Investments	-	-	-	-	-	-	-	-	-		-
Prepaid Expense	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	1,609	298	8,879	298	298	-	-	-	-	-	-
Total Assets	$ 380,323	$ 171,625	$ 103,051	$ 9,880	$ 32,584	$ 154,100	$ 53,535	$ 70,195	$ 28,099	$ 14,686	$ 16,450
Liabilities											
Accounts Payable	145,818	-	-	-	-	1,062	-	-	-	-	-
Accrued Vacation/Comp Tir	-	-	-	-	-	1,518	-	-	-	-	-
Total Liabilities	145,818	-	-	-	-	2,580	-	-	-	-	-
Fund Balance											
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Assigned	234,505	171,625	103,051	9,880	32,584	151,520	53,535	70,195	28,099	14,686	16,450
Total Fund Balance	234,505	171,625	103,051	9,880	32,584	151,520	53,535	70,195	28,099	14,686	16,450
Total Liabilities and Fund Ba	$ 380,323	$ 171,625	$ 103,051	$ 9,880	$ 32,584	$ 154,100	$ 53,535	$ 70,195	$ 28,099	$ 14,686	$ 16,450

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

NEWTON COUNTY, TEXAS
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2024

	50	51	52	53	55	58	59	66	67	80	88
	Solid Waste Disposal	Voter Registration	Law Library	Newton Co Library	Historical Operating	Dist Attny Hot Check	Dist Attny Contraband	Records Management	Pretrial Diversion	Civic Center Operations	State Fee Account
Assets											
Cash and Cash Equivalents	$ 16,651	$ 15,477	$ 34,302	$ 30,779	$ 18,177	$ 770	$ 329	$ 15,419	$ 2,200	$ -	$ 13,544
Investments	-	-	-	-	-	-	-	-		-	-
Prepaid Expense	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	5,012	-	-	-	1,248	-	-	-	150	-	-
Total Assets	$ 21,663	$ 15,477	$ 34,302	$ 30,779	$ 19,425	$ 770	$ 329	$ 15,419	$ 2,350	$ -	$ 13,544
Liabilities											
Accounts Payable	12,377	206	35	3,658	775	-	-	-	-	187	13,544
Accrued Vacation/Comp Tir	3,644	-	-	3,179	87	-	-	-	-	-	-
Total Liabilities	16,021	206	35	6,837	862	-	-	-	-	187	13,544
Fund Balance											
Unassigned	-	-	-	-	-	-	-	-	-	(187)	-
Assigned	5,642	15,271	34,267	23,942	18,563	770	329	15,419	2,350	-	-
Total Fund Balance	5,642	15,271	34,267	23,942	18,563	770	329	15,419	2,350	(187)	-
Total Liabilities and Fund B:	$ 21,663	$ 15,477	$ 34,302	$ 30,779	$ 19,425	$ 770	$ 329	$ 15,419	$ 2,350	$ -	$ 13,544

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

Exhibit L

NEWTON COUNTY, TEXAS
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2024

	92 Justice Court Technology	93 Federal Forest Fund	97 Debt Service	Total Nonmajor Governmental Funds
Assets				
Cash and Cash Equivalents	$ 1,514	$ -	$ 259,393	$ 3,290,727
Investments	-	-	-	-
Prepaid Expense	-	-	-	-
Accounts Receivable	-	-	1,581	$ 24,197
Total Assets	$ 1,514	$ -	$ 260,974	$ 3,314,924
Liabilities				
Accounts Payable	140	-	-	259,229
Accrued Vacation/Comp Tir	-	-	-	26,269
Total Liabilities	140	-	-	285,498
Fund Balance				
Unassigned	-	-	-	(187)
Assigned	1,374	-	260,974	3,029,613
Total Fund Balance	1,374	-	260,974	3,029,426
				-
Total Liabilities and Fund B:	$ 1,514	$ -	$ 260,974	$ 3,314,924

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, 2024

Exhibit M

	19	21	22	23	24	25	29	30	31	32	33
	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
Revenue											
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 215,955	$ 215,956	$ 215,956
Intergovernmental	28,700	-	-	-	-	-	-	-	-	-	-
Fines and Fees	-	-	-	-	-	3,579	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Interest	258	4,141	1,175	2,143	1,182	1,104	160	5,707	4,273	5,468	1,997
Other Revenue	-	-	-	-	-	-	-	206	70,141	10,929	-
Grants	-	-	-	-	-	-	37,500	-	-	-	-
Total Revenue	28,958	4,141	1,175	2,143	1,182	4,683	37,660	5,913	290,369	232,353	217,953
Expenditures											
Current											
General Administration	-	-	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-	-	-
Legal	30,677	-	-	-	-	-	65,306	-	-	-	-
Public Facilities	-	-	-	-	-	-	-	10,850	216,283	292,672	318,081
Public Safety	-	260,901	379,736	337,905	374,037	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-	-
Debt Service		-	-	-	-	-	-	-	-	-	-
Principle Payment	-	30,601	-	-	-	-	-	-	-	-	-
Interest Expense	-	10,254	-	-	-	-	-	-	-	-	-
Capital Outlay	-	40,209	36,035	73,027	99,786	-	-	-	-	118,000	-
Total Expenditures	30,677	341,965	415,771	410,932	473,823	-	65,306	10,850	216,283	410,672	318,081
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,719)	(337,824)	(414,596)	(408,789)	(472,641)	4,683	(27,646)	(4,937)	74,086	(178,319)	(100,128)
Other Financing Sources (Uses)											
Transfers In	-	461,210	461,210	461,210	461,210	-	-	-	-	-	87,250
Transfers In (Out)	-	-	-	-	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	77,227	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	461,210	461,210	461,210	538,437	-	-	-	-	-	87,250
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,719)	123,386	46,614	52,421	65,796	4,683	(27,646)	(4,937)	74,086	(178,319)	(12,878)
Fund Balance beginning of year	26,100	192,022	24,413	91,868	26,991	108,063	31,952	208,366	286,963	516,112	110,245
Fund Balance end of year	$ 24,381	$ 315,408	$ 71,027	$ 144,289	$ 92,787	$ 112,746	$ 4,306	$ 203,429	$ 361,049	$ 337,793	$ 97,367

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, 2024

Exhibit M

	34	36	37	38	39	40	41	42	43	44	48
	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
Revenue											
Taxes	$ 215,956	$ 30,851	$ 30,851	$ 30,850	$ 30,851	$ -	$ 5,894	$ 5,893	$ 5,893	$ 5,893	$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Fines and Fees	-	-	-	-	-	38,380	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Interest	5,140	1,614	914	281	347	1,654	486	647	251	101	166
Other Revenue	60	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	221,156	32,465	31,765	31,131	31,198	40,034	6,380	6,540	6,144	5,994	166
Expenditures											
Current											
General Administration	-	-	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	-	-	-	-	-	-
Public Facilities	488,445	-	22,032	71,017	28,734	78,335	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	2,402	-	433
Health and Welfare	-	-	-	-	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Principle Payment	-	-	-	-	-	3,665	-	-	-	-	-
Interest Expense	-	-	-	-	-	490	-	-	-	-	-
Capital Outlay	39,763	-	-	-		-	-	-	-	-	-
Total Expenditures	528,208	-	22,032	71,017	28,734	82,490	-	-	2,402	-	433
Excess (Deficiency) of Revenues Over (Under) Expenditures	(307,052)	32,465	9,733	(39,886)	2,464	(42,456)	6,380	6,540	3,742	5,994	(267)
Other Financing Sources (Uses)											
Transfers In	-	-	-	-	-	-	-	-	-	-	-
Transfers In (Out)	-	-	-	-	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(307,052)	32,465	9,733	(39,886)	2,464	(42,456)	6,380	6,540	3,742	5,994	(267)
Fund Balance beginning of year	541,557	139,160	93,318	49,766	30,120	193,976	47,155	63,655	24,357	8,692	16,717
Fund Balance end of year	$ 234,505	$ 171,625	$ 103,051	$ 9,880	$ 32,584	$ 151,520	$ 53,535	$ 70,195	$ 28,099	$ 14,686	$ 16,450

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, 2024

Exhibit M

	50	51	52	53	55	58	59	66	67	80	88
	Solid Waste Disposal	Voter Registration	Law Library	Newton Co Library	Historical Operating	Dist Attny Hot Ck Fund	Dist Attny Contraband	Records Management	Pretrial Diversion	Civic Center Operations	State Fee Acct.
Revenue											
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-
Fines and Fees	78,408	-	5,730	-	-	-	4,000	2,444	5,099	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Interest	1,014	375	309	893	390	27	68	138	111	-	-
Other Revenue	6,849	1,782	-	5,139	4,875	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	86,271	2,157	6,039	6,032	5,265	27	4,068	2,582	5,210	-	-
Expenditures											
Current											
General Administration	-	60,583	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-	-	-
Legal	-	-	-	-	-	3,000	12,500	-	19,327	-	-
Public Facilities	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-	-
Health and Welfare	246,558	-	-	-	-	-	-	-	-	-	-
Conservation	-	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	154,130	51,547	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Principle Payment	-	-	-	432	1,105	-	-	-	-	-	-
Interest Expense	-	-	-	149	226	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	29,820	-	-
Total Expenditures	246,558	60,583	-	154,711	52,878	3,000	12,500	-	49,147	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(160,287)	(58,426)	6,039	(148,679)	(47,613)	(2,973)	(8,432)	2,582	(43,937)	-	-
Other Financing Sources (Uses)											
Transfers In	140,000	57,124	-	163,592	57,920	-	-	-	3,758	-	-
Transfers In (Out)	-	-	-	-	-	-	-	-	-	-	-
Issuance of Debt	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	140,000	57,124	-	163,592	57,920	-	-	-	3,758	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(20,287)	(1,302)	6,039	14,913	10,307	(2,973)	(8,432)	2,582	(40,179)	-	-
Fund Balance beginning of year	25,929	16,573	28,228	9,029	8,256	3,743	8,761	12,837	42,529	(187)	-
Fund Balance end of year	$ 5,642	$ 15,271	$ 34,267	$ 23,942	$ 18,563	$ 770	$ 329	$ 15,419	$ 2,350	$ (187)	$ -

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, 2024

	92 Justice Court Technology	93 Federal Forest Fund	97 Debt Service	Total Nonmajor Governmental Funds
Revenue				
Taxes	$ -	$ -	$ 27,156	$ 1,037,955
Intergovernmental	-	22,108	-	50,808
Fines and Fees	3,402	-	-	141,042
Miscellaneous	-	-	-	-
Interest	13	-	2,464	45,011
Other Revenue	-	-	-	99,981
Grants	-	-	-	37,500
Total Revenue	3,415	22,108	29,620	1,412,297
Expenditures				
Current				
General Administration	-	-	-	60,583
Judicial	-	-	-	-
Legal	11,319	-	-	142,129
Public Facilities	-	-	-	1,526,449
Public Safety	-	-	-	1,355,414
Health and Welfare	-	-	-	246,558
Conservation	-	11,054	-	11,054
Culture and Recreation	-	-	-	205,677
Debt Service	-	-	-	-
Principle Payment	2,710	-	-	38,513
Interest Expense	226	-	-	11,345
Capital Outlay	-	-	-	436,640
Total Expenditures	14,255	11,054	-	4,034,362
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,840)	11,054	29,620	(2,622,065)
Other Financing Sources (Uses)				
Transfers In	11,715	-	-	2,366,199
Transfers In (Out)	-	(11,054)	-	(11,054)
Issuance of Debt	-	-	-	77,227
Total Other Financing Sources (Uses)	11,715	(11,054)	-	2,432,372
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	875	-	29,620	(189,693)
Fund Balance beginning of year	499	-	231,354	3,219,119
Fund Balance end of year	$ 1,374	$ -	$ 260,974	$ 3,029,426

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

SINGLE AUDIT SECTION

R&A Charles E. Reed & Associates, P.C.
Certified Public Accountants & Consultants

Member
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
AICPA Private Companies Practice 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, 2024. 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, 2024.

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.

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 item 2024-001 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

June 30, 2026

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, 2024, 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 June 30, 2026.

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 no 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 item 2024-001.

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

June 30, 2026

NEWTON COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

	Assistance Listing Number	Grant I.D.	Amount of Award	Amount Expended
Department of Homeland Security				
Pass through agency: Texas Division of Emergency Management				
Hazard Mitigation Grant	97.039	DR-4332-0200	100,783	-
Hazard Mitigation Grant	97.039	DR-4332-0144	305,454	1,153
Total Department of Homeland Security			406,237	1,153
Department of Justice				
Pass-Through Agency: Texas Office of the Governor				
Violence Against Women	16.588	2559212	50,000	33,333
Violence Against Women	16.588	2559213	50,000	4,167
Total Department of Justice			100,000	37,500
Department of Housing and Urban Development				
Pass through agency: Texas General Land Office				
CDBG Mitigation Program Infrastructure Projects	14.228	22-082-018-D220	3,650,658	1,644,370
CDBG Disaster Recovery Housing Projects - DR4266	14.228	18-533-000-B277	10,447,771	563,542
CDBG Disaster Recovery Infrastructure Projects - DR4266	14.228	18-535-000-B279	19,922,350	4,453,279
CDBG Disaster Recovery local Buyout Projects DR4332	14.228	20-066-015-C108	2,728,524	1,584,395
CDBG Mitigation Program Regional Mitigation Program	14.228	24-065-038-E530	13,627,000	1,002,020
			50,376,303	9,247,606
Pass through agency: Texas Department of Agriculture				
CDBG Disaster Recovery	14.228	7220330	275,000	-
CDBG Community Development Fund - 2021	14.228	CDV21-0101	332,500	286,528
			607,500	286,528
Total Department of Housing and Urban Development			50,983,803	9,534,134
US Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds - American Rescue Plan Act of 2021	21.027	2020-CF-21019	2,640,669	629,311
Local Assistance and Tribal Consistency Fund	21.032		100,000	50,000
Total US Department of the Treasury			2,740,669	679,311
Total Federal Money Expended				$10,252,098

NEWTON COUNTY, TEXAS
Schedule of State of Texas Expenditures
For the Year Ended December 31, 2024

Schedule II

	Grant I.D.	Amount of Award	Amount Expended
Ofice of Attorney General			
Texas SAVNS/VINE Program	2344900-2024	7,795	5,846
Texas SAVNS/VINE Program	2344900-2025	8,029	2,007
Total Ofice of Attorney General		15,824	7,853
Texas Historical Commission			
Courthouse Restoration		1,100,000	673,731
Total Texas Historical Commission		1,100,000	673,731
Texas Comptroller of Public Accounts			
Rural Law Enforcement Salary Assistance Program	IA-0000000239	175,000	175,000
Rural Law Enforcement Salary Assistance Program	IA-0000000275	350,000	350,000
Total Texas Comptroller of Public Accounts		525,000	525,000
Total State of Texas Expended			1,206,584

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal and State 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 accounts 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 PRESENTATON

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% deminimis indirect cost rate.

NOTE 5 – SUBRECIPIENTS

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

Schedule IV

NEWTON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2024

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:

CFDA Number	**Name of Federal Program or Cluster**	
14.228	Department of Housing and Urban Development	
	CDBG Disaster Recovery	$9,534,134

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

Section III - Federal Award Findings and Questioned Costs

2024-001 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.

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

2023-001 – 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.

THE COUNTY OF NEWTON, TEXAS
CORRECTIVE ACTION PLAN
For the year ended December 31, 2024

Schedule V

2024-001 Internal Control – Control Activities - Reporting

Corrective Action Plan:

The Commissioner's of the County of Newton, Texas has reviewed the finding indicated as 2024-001 and agree with the finding. The Commissioner's have adopted controls, and employed external accounting support, to ensure 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, 2026

Responsible Parties: Sherry Moore, County Auditor and Commissioners