

Newton County, Missouri

BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

KPM
CPAS & ADVISORS

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Independent Auditors' Report

Newton County Commission
Newton County
Neosho, Missouri

Report on Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Newton County, Missouri, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements 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's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information, as of December 31, 2019, and the respective changes in modified cash basis financial position and cash flows, where applicable, for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Management's Discussion and Analysis and budgetary comparison information, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Newton County, Missouri's basic financial statements. The Combining Nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200. *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Combining Nonmajor fund financial statements and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Nonmajor fund financial statements and Schedule of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2020, on our consideration of Newton County's 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 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 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 Newton County's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
September 22, 2020

Management's Discussion and Analysis

Newton County

Management's Discussion and Analysis

December 31, 2019

Our discussion and analysis of the financial performance of Newton County, Missouri, provides an overview of the County's financial activities for the year ended December 31, 2019, within the limitations of the County's modified cash basis of accounting. Please read it in conjunction with the County's financial statements, which begin on page 18.

Financial Highlights

- The overall net position of the County increased by \$2,135,974.
- The fund balance for the General Fund increased by \$248,730.
- The fund balance for the Road and Bridge Fund increased by \$443,675.
- On a government-wide basis, the cost of the County's governmental activities was \$16,423,503 compared to \$15,696,873 in 2018.

Road sales tax funds held at year end equaled \$1,698,588; these funds will be used on County roads in 2019 and future years.

Using this Annual Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34 as applicable to the County's modified cash basis of accounting. These financial statements only include the funds of Newton County, Missouri.

Report Components

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances.

Fund Financial Statements

Fund financial statements focus on the individual parts of the County government. Fund financial statements also report the County's operations in more detail than government-wide statements by providing information about the County's major funds. These statements tell how these services were financed in the short-term, as well as what remains for future spending.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Supplementary Information

The Management's Discussion and Analysis and the Budgetary Comparison Schedules represent supplementary financial information to the basic financial statements. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as *the basic financial statements*).

Newton County

Management's Discussion and Analysis

December 31, 2019

Other Reporting Requirements

This part of the annual report includes optional financial information, which includes the combining statements for the County's nonmajor funds. This other financial information is provided to address certain needs of various users of the County's annual report.

Basis of Accounting

The County has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. 'Basis of accounting' is a reference to *when* financial events are recorded, such as the timing for recognizing receipts, disbursements, and their related assets and liabilities. Under the County's modified cash basis of accounting, receipts and disbursements, and the related assets, are recorded when they result from cash transactions. The modification to the cash basis relates to the presentation of investments.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable billed or services provided but not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Government-Wide Statement of Net Position and the Statement of Activities

One of the most important questions asked about the County's finances is, *Is the County as a whole better off or worse off as a result of the year's activities?* The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all of the County's assets resulting from the use of the modified cash basis of accounting.

The statements report the County's net position and changes in them. Over time, increases and decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. However, the reader will need to consider other non-financial factors, such as changes in the County's tax base and the condition of the County's facilities, to assess the overall health of the County.

The Statement of Activities is presented by its governmental functions which include general government, judicial, public safety, health and welfare, fair, and highway and roads. The Statement of Activities shows the net cost of these functions before considering the general receipts of the County.

Fund Financial Statements

The fund financial statements provide detailed information about the County's funds. These funds are required to be established by state law and by bond covenants. These fund financial statements help the reader to determine whether there are more or fewer financial resources that can be spent in the near future for County programs.

Newton County

Management's Discussion and Analysis

December 31, 2019

Governmental Funds: Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

Proprietary Funds: When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in proprietary funds. The Internal Service Funds are used to account for charges made to other units of government for employee retirement and deferred compensation benefits.

Financial Analysis of the County as a Whole

Net Position – Modified Cash Basis

	December 31,	
	2019	2018
Assets		
Cash and investments - unrestricted	\$ 5,670,971	\$ 5,452,678
Cash and investments - restricted	6,736,992	4,819,311
Total Assets	<u>\$ 12,407,963</u>	<u>\$ 10,271,989</u>
Net Position		
Restricted	\$ 6,736,992	\$ 4,819,311
Unrestricted	5,670,971	5,452,678
Total Net Position	<u>\$ 12,407,963</u>	<u>\$ 10,271,989</u>

Newton County

Management's Discussion and Analysis

December 31, 2019

Changes in Net Position – Modified Cash Basis

	Year Ended December 31,	
	2019	2018
Receipts		
Program Receipts		
Charges for services	\$ 3,185,753	\$ 3,106,637
Operating grants and contributions	260,895	213,663
Capital grants and contributions	2,210,060	142,958
General Receipts		
Ad valorem taxes	1,487,760	1,480,072
Sales taxes	9,382,357	8,937,835
Motor vehicle sales and gas taxes	1,343,940	1,327,097
Telephone tax	365,876	382,601
Other taxes	114,173	111,074
Interest	147,321	96,665
Other receipts	20,134	77,288
Special Items		
Lease proceeds	5,500	190,555
Sale of property	35,708	66,235
Total Receipts	<u>18,559,477</u>	<u>16,132,680</u>
Disbursements		
General government	3,287,857	3,511,219
Judicial	1,377,950	1,446,779
Public safety	5,618,088	5,291,429
Health and welfare	736,773	785,088
Fair	82,676	81,494
Highway and roads	4,988,263	4,306,258
Capital improvements	179,173	121,882
Debt service	152,723	152,724
Total Disbursements	<u>16,423,503</u>	<u>15,696,873</u>
Increase in Net Position	<u>\$ 2,135,974</u>	<u>\$ 435,807</u>

Newton County

Management's Discussion and Analysis

December 31, 2019

Overall receipts of the County increased by \$2,426,797 over the prior year. Taxes as a whole increased \$455,427. Taxes comprise 68% of total receipts, charges for services comprise 17% of receipts, and the balance is comprised of grants, interest, sale of property, and other receipts.

Disbursements for general government decreased 7%. Public safety comprises 34% of total disbursements, general government comprises 20%, highway and roads 30%, judicial 8%, with the fair, health and welfare, capital improvements, and debt service making up the balance of disbursements.

Financial Analysis of the County's Funds

Certain funds experienced noteworthy changes from the prior year and are highlighted as follows:

- The General Fund balance increased by \$248,730 for the year ended December 31, 2019.
- The Road and Bridge Fund balance increased by \$443,675 for the year ended December 31, 2019.
- The E-911 Fund balance decreased by \$26,149 for the year ended December 31, 2019. This decrease is due to the declining tax revenues.
- The Mental Health Fund balance increased by \$16,052 for the year ended December 31, 2019.
- The Road Sales Tax Fund balance increased by \$963,311, which increased the fund balance to \$1,698,588 as of December 31, 2019.
- The Newton County Assessment Fund decreased by \$13,235. This fund now has a balance of \$1.7 million. General Revenue benefits from the Assessment fund only when the annual statute required transfer of approximately \$82,000 is waived by the Assessor.
- Road Sales Tax amounts have grown to \$2.0 million for County and Special Road Districts. \$511,260 was disbursed and spent in 2019 on projects, with a carryover of \$1,698,588 to be used in 2020.

Newton County

Management's Discussion and Analysis

December 31, 2019

Statutory Funds

(Funds established by State statute; controlled and disbursed by the Officeholder)

Department	Balance 12/31/2018	Balance 12/31/2019	% Change +/-
Recorder's User Fund	\$ 140,550	\$ 99,111	-29.48%
Recorder's Technology Fund	\$ 180,024	\$ 190,956	6.07%
Collector Tax Maintenance Fund	\$ 223,616	\$ 257,252	15.04%
Law Library Fund	\$ 14,107	\$ 15,250	8.10%
Election Fund	\$ 59,828	\$ 64,256	7.40%
Election Improvement Fund	\$ 15,506	\$ 23,869	53.93%
Sheriff Civil Charges Fund	\$ 55,088	\$ 66,113	20.01%
Sheriff's Revolving Fund	\$ 41,555	\$ 35,842	-13.75%
Sheriff's Criminal Activity Forfeiture Fund	\$ 27,003	\$ 16,196	-40.02%
Law Enforcement Training Fund	\$ 7,658	\$ 3,763	-50.86%
Inmate Security Fund	\$ 36,378	\$ 43,692	20.11%
Prosecuting Attorney Administrative Fund	\$ 1,950	\$ 5,172	165.23%
Prosecuting Attorney Training Fund	\$ 22,127	\$ 15,498	-29.96%
Prosecuting Attorney Delinquent Tax Fund	\$ 48,611	\$ 56,595	16.42%

County Funds

(Funds established by the County Commission; controlled and disbursed for a specific service)

Department	Balance 12/31/2018	Balance 12/31/2019	% Change +/-
Assessment Fund	\$ 1,721,760	\$ 1,708,525	-0.77%
E-911 Fund	\$ 204,246	\$ 178,097	-12.80%
Road Sales Tax Fund	\$ 735,277	\$ 1,698,588	131.01%
Road & Bridge Fund	\$ 2,485,996	\$ 2,929,671	17.85%
Bridge Demolition Fund	\$ 82,663	\$ 83,362	0.85%
Mental Health Fund	\$ 182,133	\$ 198,185	8.81%
Newton County Fair Fund	\$ 20,099	\$ 25,482	26.78%
Local Emergency Planning Council Fund	\$ 30,402	\$ 34,866	14.68%
Sheriff Donation Fund	\$ 17,942	\$ 17,710	-1.29%
Domestic Violence Fund	\$ 4,805	\$ 4,435	-7.70%
Capital Expenditures Fund	\$ 432,137	\$ 907,181	109.93%
Capital Improvement Fund	\$ 80,980	\$ 79,832	-1.42%
Court Preservation Fund	\$ 1,411	\$ 776	-45.00%

Newton County

Management's Discussion and Analysis

December 31, 2019

Financial Analysis Budget Versus Actual Results – General Fund

	Budget		Actual
	Original	Final	
Receipts			
Taxes	\$ 7,149,000	\$ 7,149,000	\$ 7,350,894
Commissions	908,100	908,100	860,219
Intergovernmental revenues	278,583	278,584	232,125
Fees and charges	925,750	925,750	952,322
Other	88,450	88,450	77,071
Total Receipts	\$ 9,349,883	\$ 9,349,884	\$ 9,472,631
Disbursements			
General government	\$ 3,527,005	\$ 3,527,005	\$ 2,430,242
Judicial	1,486,899	1,486,899	1,327,048
Public safety	4,830,925	4,830,924	4,482,623
Health and welfare	4,000	4,000	2,348
Total Disbursements	\$ 9,848,829	\$ 9,848,828	\$ 8,242,261

Budget efficiency is obvious and showed marked improvement when observing the differences between original budgets and what the County actually received and expended in 2019. Each officeholder works to be prudent with the funds available to them each year.

Economic Factors and Next Year's Budget

Extensive remodeling took place this past year at the Courthouse. The Assessor employees now occupy one section of the Courthouse following several months of construction. The Records office also experienced remodeling this past year. The Recorder now has a private office and her staff have more room to serve the public. The County will begin renovation on areas for the Collector, County Clerk and a fourth Circuit Judge in 2020. The County Commission has vacated its long-time office to allow the Collector and Clerk to expand their office space.

Technology services were awarded in February 2020. 2020 will be a year of technology equipment acquisition and implementation of considerable security improvements.

2020 will also include integration of a new telephone system under the direction of our technology company impacting every department within the county with multiple improvements to existing telephone capabilities.

The County Bridge Department completed new bridge replacement project on Aspen Road. Several other bridge repairs were also completed.

The County Road Districts collectively improved over 90 miles of county-maintained road using the ¼ cent Road Sales Tax Funding.

The County is partnering with the City of Neosho on a BRO funded, bridge replacement project over Hickory Creek on Coler Street. The County has engaged engineering design services and construction is anticipated to begin in early 2021.

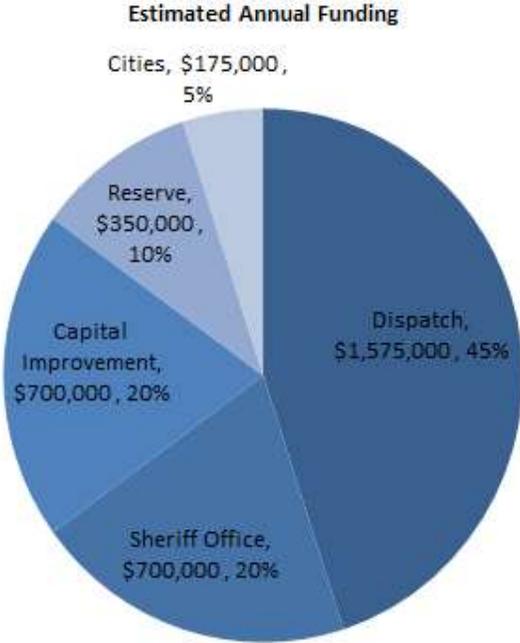
Newton County

Management's Discussion and Analysis

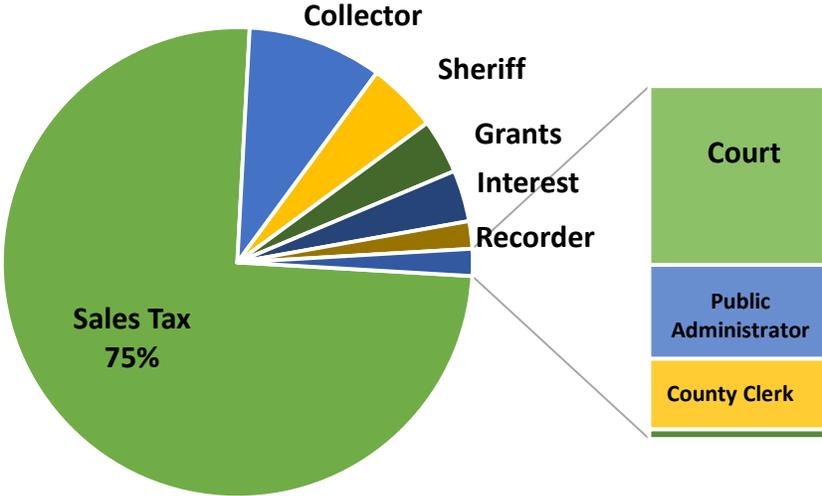
December 31, 2019

A Public Safety Tax will be placed on the April 2020 ballot. This ½ cent sales tax will fund county services as shown in the graph below:

1/2 Cent Public Safety Sales Tax



General Revenue Budgeted Receipts

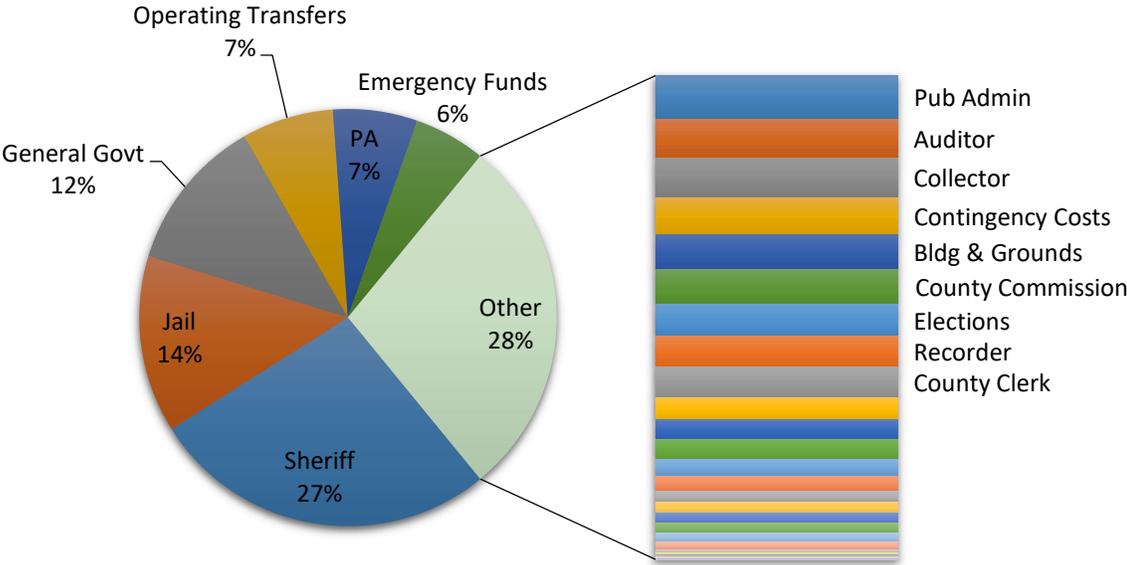


Newton County

Management's Discussion and Analysis

December 31, 2019

2020 General Revenue Budgeted Expenses



Contacting the County's Financial Management

For more information, you may contact the Presiding Commissioner at (417) 451-8223, the County Clerk at (417) 451-8221, or the County Auditor at (417) 451-8379, or by mail:

101 South Wood Street
Neosho, Missouri
64850

Newton County

Statement of Net Position – Modified Cash Basis

December 31, 2019

	Total Governmental Activities
Assets	
Cash and investments - unrestricted	\$ 5,670,971
Cash and investments - restricted	<u>6,736,992</u>
Total Assets	<u><u>\$ 12,407,963</u></u>
Net Position	
Restricted	\$ 6,736,992
Unrestricted	<u>5,670,971</u>
Total Net Position	<u><u>\$ 12,407,963</u></u>

See accompanying notes to the financial statements.

Newton County

Statement of Activities – Modified Cash Basis

Year Ended December 31, 2019

Functions/Programs	<u>Disbursements</u>	<u>Program Receipts</u>			Net (Disbursements), Receipts, and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities					
General government	\$ (3,287,857)	\$ 1,982,642	\$ 25,612	\$ 23,619	\$ (1,255,984)
Judicial	(1,377,950)	239,814	48,463	-	(1,089,673)
Public safety	(5,618,088)	954,886	156,408	3,671	(4,503,123)
Health and welfare	(736,773)	8,411	-	-	(728,362)
Fair	(82,676)	-	-	-	(82,676)
Highway and roads	(4,988,263)	-	30,412	2,182,770	(2,775,081)
Capital improvement	(179,173)	-	-	-	(179,173)
Debt service	(152,723)	-	-	-	(152,723)
Total Governmental Activities	<u>\$ (16,423,503)</u>	<u>\$ 3,185,753</u>	<u>\$ 260,895</u>	<u>\$ 2,210,060</u>	<u>(10,766,795)</u>
		General Receipts			
					1,487,760
					9,382,357
					1,343,940
					365,876
					114,173
					147,321
					20,134
					12,861,561
		Special Items			
					5,500
					35,708
					41,208
		<i>Increase in Net Position</i>			2,135,974
		Net Position, Beginning of year			10,271,989
		Net Position, End of year			<u>\$ 12,407,963</u>

See accompanying notes to the financial statements.

Newton County

Statement of Receipts, Disbursements, and Changes in Fund Balances – Governmental Funds – Modified Cash Basis

Year Ended December 31, 2019

	General Fund	Road and Bridge Fund	E-911 Fund	Assessment Fund	Mental Health Fund	Road Sales Tax Fund	Capital Expenditures Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
Receipts									
Taxes	\$ 7,350,894	\$ 2,067,225	\$ 381,043	\$ -	\$ 737,611	\$ 2,084,905	\$ -	\$ 87,595	\$ 12,709,273
Collector's commission	860,219	-	-	-	-	-	-	-	860,219
Intergovernmental receipts	232,125	2,201,906	-	-	-	-	-	36,925	2,470,956
Fees and charges	952,322	-	354,130	716,289	-	-	-	287,626	2,310,367
Other	77,071	23,792	1,851	22,862	4,063	17,421	-	20,394	167,454
Total Receipts	<u>9,472,631</u>	<u>4,292,923</u>	<u>737,024</u>	<u>739,151</u>	<u>741,674</u>	<u>2,102,326</u>	<u>-</u>	<u>432,540</u>	<u>18,518,269</u>
Disbursements									
Current									
General government	2,430,242	-	-	744,698	-	-	-	106,442	3,281,382
Judicial	1,327,048	-	-	-	-	-	-	50,902	1,377,950
Public safety	4,482,623	-	1,038,173	-	-	-	-	104,588	5,625,384
Health and welfare	2,348	-	-	-	725,622	-	-	8,803	736,773
Fair	-	-	-	-	-	-	-	82,676	82,676
Highway and roads	-	4,477,003	-	-	-	511,260	-	-	4,988,263
Capital improvement	-	-	-	-	-	-	178,025	1,148	179,173
Debt service	-	-	-	-	-	-	152,723	-	152,723
Total Disbursements	<u>8,242,261</u>	<u>4,477,003</u>	<u>1,038,173</u>	<u>744,698</u>	<u>725,622</u>	<u>511,260</u>	<u>330,748</u>	<u>354,559</u>	<u>16,424,324</u>
<i>Excess (Deficit) of Receipts over Disbursements</i>	1,230,370	(184,080)	(301,149)	(5,547)	16,052	1,591,066	(330,748)	77,981	2,093,945
Other Financing Sources (Uses)									
Lease proceeds	-	-	-	-	-	-	5,500	-	5,500
Sale of property	33,918	-	-	-	-	-	-	1,790	35,708
Operating transfers in (out)	(1,015,558)	627,755	275,000	(7,688)	-	(627,755)	800,292	(52,046)	-
Total other Financing Sources (Uses)	<u>(981,640)</u>	<u>627,755</u>	<u>275,000</u>	<u>(7,688)</u>	<u>-</u>	<u>(627,755)</u>	<u>805,792</u>	<u>(50,256)</u>	<u>41,208</u>
<i>Excess (Deficit) of Receipts and other Sources over Disbursements and other (Uses)</i>	248,730	443,675	(26,149)	(13,235)	16,052	963,311	475,044	27,725	2,135,153
Fund Balance, January 1	3,391,662	2,485,996	204,246	1,721,760	182,133	735,277	432,137	1,112,303	10,265,514
Fund Balance, December 31	<u>\$ 3,640,392</u>	<u>\$ 2,929,671</u>	<u>\$ 178,097</u>	<u>\$ 1,708,525</u>	<u>\$ 198,185</u>	<u>\$ 1,698,588</u>	<u>\$ 907,181</u>	<u>\$ 1,140,028</u>	<u>\$ 12,400,667</u>

Excess of Receipts and Other Sources Over Disbursements and Other (Uses) \$ 2,135,153

Some of the amounts reported for Governmental activities in the Statement of Activities are different because of the Internal Service Fund receipts and disbursements are included with Governmental activities.

Increase in Net Position

821
\$ 2,135,974

See accompanying notes to the financial statements.

Newton County

Statement of Net Position – Internal Service Funds – Modified Cash Basis

December 31, 2019

	County Employee Retirement Fund	Deferred Compensation Fund
Assets		
Cash and cash equivalents	\$ 2	\$ 7,294
Total Assets	<u>\$ 2</u>	<u>\$ 7,294</u>
Net Position		
Unrestricted	\$ 2	\$ 7,294
Total Net Position	<u>\$ 2</u>	<u>\$ 7,294</u>

See accompanying notes to the financial statements.

Newton County

Statement of Receipts, Disbursements, and Changes in Net Position – Internal Service Funds – Modified Cash Basis
Year Ended December 31, 2019

	County Employee Retirement Fund	Deferred Compensation Fund
Operating Receipts		
Charges for services	\$ 438,759	\$ 1,284
Total Operating Receipts	438,759	1,284
Operating Disbursements		
Contributions	438,816	462
Total Operating Disbursements	438,816	462
<i>Operating Income (Loss)</i>	(57)	822
Nonoperating Receipts		
Interest receipts	56	-
Total Nonoperating Receipts	56	-
<i>Net Income (Loss)</i>	(1)	822
Net Position, January 1	3	6,472
Net Position, December 31	\$ 2	\$ 7,294

See accompanying notes to the financial statements.

Newton County

Statement of Cash Flows – Internal Service Funds – Modified Cash Basis

Year Ended December 31, 2019

	County Employee Retirement Fund	Deferred Compensation Fund
	<u> </u>	<u> </u>
Cash Flows from Operating Activities		
Cash received from customers	\$ 438,759	\$ 1,284
Cash paid to suppliers	(438,816)	(462)
Net Cash Provided (Used) by Operating Activities	<u>(57)</u>	<u>822</u>
Cash Flows from Investing Activities		
Interest received on investments	56	-
Net Cash Provided by Investing Activities	<u>56</u>	<u>-</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(1)	822
Cash and Cash Equivalents, Beginning of year	3	6,472
Cash and Cash Equivalents, End of year	<u>\$ 2</u>	<u>\$ 7,294</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ (57)	\$ 822
Net Cash Provided (Used) by Operating Activities	<u>\$ (57)</u>	<u>\$ 822</u>

See accompanying notes to the financial statements.

Newton County

Statement of Assets and Liabilities – Agency Funds – Modified Cash Basis

December 31, 2019

	<u>Jail Commissary Fund</u>	<u>Circuit Clerk Fund</u>	<u>Collector of Revenue Fund</u>	<u>Land Tax Overplus Fund</u>	<u>Election Authority Fund</u>	<u>Payroll Withholding Fund</u>
Assets						
Cash and investments	\$ 58,245	\$ 434,470	\$ 36,943,926	\$ 116,694	\$ 13,738	\$ 287
Total Assets	<u>\$ 58,245</u>	<u>\$ 434,470</u>	<u>\$ 36,943,926</u>	<u>\$ 116,694</u>	<u>\$ 13,738</u>	<u>\$ 287</u>
Liabilities						
Due to others	\$ 58,245	\$ 434,470	\$ 114,598	\$ -	\$ 13,738	\$ -
Due to other funds	-	-	-	-	-	287
Due to other governments	-	-	36,829,328	116,694	-	-
Total Liabilities	<u>\$ 58,245</u>	<u>\$ 434,470</u>	<u>\$ 36,943,926</u>	<u>\$ 116,694</u>	<u>\$ 13,738</u>	<u>\$ 287</u>

See accompanying notes to the financial statements.

Newton County

Statement of Assets and Liabilities – Agency Funds – Modified Cash Basis

December 31, 2019

	<u>Unclaimed Fee Fund</u>	<u>Fines and Forfeitures Fund</u>	<u>Recorder's Office Fund</u>	<u>Sheriff Fund</u>	<u>Sheriff's Seized Evidence Fund</u>	<u>Prosecuting Attorney Bad Check Fund</u>	<u>Assessor Fund</u>	<u>Total</u>
Assets								
Cash and investments	\$ 9,219	\$ 193,843	\$ 31,811	\$ 80,376	\$ 68,082	\$ 4	\$ 4	\$ 37,950,699
Total Assets	<u>\$ 9,219</u>	<u>\$ 193,843</u>	<u>\$ 31,811</u>	<u>\$ 80,376</u>	<u>\$ 68,082</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 37,950,699</u>
Liabilities								
Due to others	\$ 9,219	\$ -	\$ -	\$ 80,376	\$ 68,082	\$ 4	\$ -	\$ 778,732
Due to other funds	-	-	-	-	-	-	4	291
Due to other governments	-	193,843	31,811	-	-	-	-	37,171,676
Total Liabilities	<u>\$ 9,219</u>	<u>\$ 193,843</u>	<u>\$ 31,811</u>	<u>\$ 80,376</u>	<u>\$ 68,082</u>	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 37,950,699</u>

See accompanying notes to the financial statements.

Newton County

Notes to the Financial Statements

December 31, 2019

1. Summary of Significant Accounting Policies

Newton County, Missouri, (the County) is a county of the 2nd class and operates under a three-member County Commission.

The accounting methods and procedures adopted by Newton County, Missouri, conform to the modified cash basis of accounting as applied to governmental entities. The following is a summary of the more significant policies.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will, or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The County is a primary government, which is governed by a three-member county commission. As required by accounting principles generally accepted in the United States of America, the County has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The County has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the County's financial statements. In addition, the County is not aware of any entity for which the County would be considered as a component unit of that entity.

Government-Wide Financial Statements

The government-wide statements display information about the primary government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, the governmental activities are consolidated and presented on the modified cash basis of accounting.

The government-wide Statement of Activities presents a comparison between direct disbursements and program receipts for each function of the County's governmental activities. Direct disbursements are those that are specifically associated with a program or a function. Program receipts include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital disbursements of a particular program. Receipts that are not classified as program receipts, including all taxes, are presented as general receipts.

Newton County

Notes to the Financial Statements

December 31, 2019

Fund Financial Statements

Separate fund financial statements report information on the County's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds in their respective categories.

The County reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the County. It is used to account for all financial resources, except those required to be accounted for in other funds.

Road and Bridge Fund: The Road and Bridge Fund of the County is used to account for resources restricted for highway and road disbursements.

E-911 Fund: The E-911 Fund is used to account for resources assigned for emergency 911 operations.

Assessment Fund: The Assessment Fund is used to account for the resources designated for assessment operations.

Mental Health Fund: The Mental Health Fund is used to account for resources restricted for the operations of the Lafayette House and the Ozark Center mental health facilities.

Road Sales Tax Fund: The Road Sales Tax fund is used to account for the sales taxes restricted for Highways and Roads.

Capital Expenditures Fund: The Capital Expenditures Fund is used to account for the resources designated for capital expenditures.

The County also reports the following fund types:

The Internal Service Funds account for employee retirement and deferred compensation benefits of the County on a cost reimbursement basis.

Agency funds account for miscellaneous assets held by the County for other funds, governmental units, and individuals. The agency funds are custodial in nature and do not involve measurement of results of operations.

Basis of Accounting

The government-wide Statement of Net Position, the Statement of Activities, and the fund financial statements for the County are presented using a modified cash basis of accounting. This basis recognizes assets, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions. The cash basis has been modified to include investments of the County. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Also, as a result of the modified cash basis, capital assets and long-term debt of the County are not presented in the financial statements.

Newton County

Notes to the Financial Statements

December 31, 2019

If the County used the basis of accounting recognized as generally accepted, the fund financial statements for the governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Cash and Investments

The County pools cash and investment resources of various funds in the County Treasurer's office in order to facilitate the management of cash and investments. Cash applicable to a particular fund is readily identifiable. Some County offices also hold cash and investments in their own separate bank accounts as required by State statute. The balance in the pooled cash account is available to meet current operating requirements. Investments of the County are carried at cost and consist of Certificates of Deposit.

Net Position

In the government-wide financial statements, equity is displayed, when applicable, in two components as follows:

Restricted: This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted: This consists of net position that does not meet the definition of restricted.

It is the County's policy to first use restricted net position prior to the use of unrestricted net position when a disbursement is made for purposes for which both restricted and unrestricted net position are available.

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance: This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the County removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance: This classification reflects the amounts constrained by the County's "intent" to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Newton County

Notes to the Financial Statements

December 31, 2019

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Compensated Absences

The County has a county-wide policy on vacation and sick leave for all employees. Leave is taken at the discretion of each officeholder. The accumulated liability for compensated absences is not expected to be liquidated with expendable available financial resources.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the County considers all accounts subject to withdrawal by check or “on demand” to be cash and cash equivalents. All other deposits are considered to be investments.

Pensions

Financial reporting information included in the notes to the financial statements pertaining to the County’s participation in the State of Missouri County Employees’ Retirement Fund (CERF) is prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* as applicable to the County’s modified cash basis of accounting.

The financial statements were prepared using the modified cash basis of accounting. Therefore, employee and employer contributions are recognized when paid and the County’s net pension liability, deferred outflows and inflows of resources related to pensions are not recorded in these financial statements.

2. Cash

State statutes require that the County’s deposits be collateralized in the name of the County by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2019, all cash balances on deposit are entirely insured or collateralized with securities.

3. Investments

The County maintains a cash and investment pool that is available for use by all funds. Each fund type’s portion of this pool is displayed as “Cash and investments.” In addition, investments are separately held by two of the County’s funds. County investments consist of Certificates of Deposit.

Investments of the County as of December 31, 2019, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	7/13/2020	\$ 20,000
Certificates of Deposit	9/12/2020	5,000
Certificates of Deposit	7/3/2020	249,000
		<u>\$ 274,000</u>

Newton County

Notes to the Financial Statements

December 31, 2019

Certificates of Deposit

Certificates of Deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. State statutes require that the County's deposits be collateralized in the name of the County by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2019, all Certificates of Deposit were entirely insured or collateralized with securities.

4. Claims, Judgments, & Contingencies

Federal and State Grants

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of December 31, 2019, significant amounts of grant disbursements have not been audited by grantor governments, but the County believes that disallowed disbursements, if any, based on subsequent audits, will not have a material effect on any of the individual government funds or the overall financial position of the County.

Legal Matters

There are a number of claims and/or lawsuits to which the County is a party as a result of certain injuries and various other matters and complaints arising in the ordinary course of County activities. The County's management and legal counsel anticipate that the potential claims, if any, against the County resulting from such litigation would not have a material effect on the financial position of the County.

5. Employee Pension Plan

State of Missouri County Employees' Retirement Fund

General Information about the Pension Plan

Plan Description. Newton County of Missouri's defined benefit pension plan provides certain retirement and death benefits to its members. The County participates in the State of Missouri County Employees' Retirement Fund (CERF). CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government.

CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000 could opt out of the system.

CERF was established by an act of the Missouri General Assembly effective August 28, 1994 and administered in accordance with RSMo. 50.1000 – 50.1300. As such, it is CERF's responsibility to administer the law in accordance expressed intent of the General Assembly. The plan as amended through November 1, 2010 is in a form acceptable under the Internal Revenue Code. The responsibility for the operations and administration of CERF is vested in the CERF

Newton County

Notes to the Financial Statements

December 31, 2019

Board of Directors consisting of eleven members. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the CERF website at www.mocerf.org.

Benefits Provided. CERF provides retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature.

Cost-of-Living Adjustments (COLA). Annual cost-of-living adjustments not to exceed 1% are provided by eligible retirees and survivor annuitants, up to a lifetime maximum of 50% and may be amended only by action of Missouri Legislature.

Contributions. Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002 are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees. As of December 31, 2019, the County has elected that employees will pay the full 4% required to be contributed to the plan.

In addition to the above contributions required of employees, the following fees and penalties prescribed under Missouri law are required to be collected and remitted to CERF by counties covered by the plan:

- Late fees on filing of personal property tax declarations.
- Twenty dollars on each merchants and manufacturers license issued.
- Six dollars on each document recorded or filed with county recorders of deeds, with an additional one dollar on each document recorded.
- Three sevenths of the fee on delinquent property taxes.
- Interest earned on investment of the above collections prior to remittance to CERF.

The County's contributions to CERF were \$438,816 for the year ended December 31, 2019. In addition, the County collected and remitted \$313,552 related to employee payroll withholdings at the required contribution rates.

6. Assessed Valuation, Tax Levy, & Legal Debt Margin

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31.

Newton County

Notes to the Financial Statements

December 31, 2019

The 2019 assessed valuation of the tangible taxable property and the tax levies per \$100 assessed valuation of that property were as follows:

Assessed Valuation	
Real estate	\$ 610,000,970
Personal property	214,494,280
Railroad and utilities	99,816,903
	<u>\$ 924,312,153</u>
Tax Levy	
Common road	\$.2476
Fair	.0098
Mental Health	.0819
	<u>\$.3393</u>

The legal debt margin at December 31, 2019, is computed as follows:

Constitutional debt limit	\$ 92,431,215
General obligation bonds payable	-
Legal Debt Margin	<u>\$ 92,431,215</u>

Under Article VI, Section 26(b) and (c), Missouri Constitution, the County, by a vote of its qualified electors voting therein, may incur an indebtedness for any purpose authorized by law of the County or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the County.

7. General Long-Term Liabilities

Leases Payable

On April 10, 2015, the County entered into a lease purchase agreement with Arvest Bank to finance the purchase of a 911 dispatch system. The agreement requires annual payments of \$9,858, which includes interest at 3.00%. In the event of a default, Lessor may take appropriate action to collect amounts dues, repossess the Property, sell the Property, or pursue and exercise any other remedy available at law or in equity.

On July 25, 2015, the County entered into a lease purchase agreement with Arvest Bank to finance the purchase of technology equipment. The agreement requires annual payments of \$152,723, which includes interest at 3.00%. In the event of a default, Lessor may take appropriate action to collect amounts dues, repossess the Property, sell the Property, or pursue and exercise any other remedy available at law or in equity.

On February 27, 2018, the County entered into a lease purchase agreement with Community Bank and Trust to finance the purchase of Superior public safety and law enforcement software equipment. The agreement requires annual payments of \$80,000, plus accrued interest at 1.98%. In the event of a default, Lessor may declare all payments due, retake possession of Equipment, sell Equipment or sublease Equipment.

Newton County

Notes to the Financial Statements

December 31, 2019

The County's lease purchase agreements provide for the cancellation of the leases at the County's option on the renewal dates each year per State statute, however the County does not foresee exercising its option to cancel.

The following is a schedule of future lease payments under the leases (assuming noncancellation):

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 218,986	\$ 27,594	\$ 246,580
2021	160,204	21,803	182,007
2022	135,474	17,249	152,723
2023	139,594	13,129	152,723
2024	143,840	8,883	152,723
2025	148,215	4,508	152,723
	<u>\$ 946,313</u>	<u>\$ 93,166</u>	<u>\$ 1,039,479</u>

The following are the changes in General Long-Term Liabilities for the year ended December 31, 2019:

	<u>Direct Borrowing</u>				
	<u>Balance</u>			<u>Balance</u>	<u>Due</u>
	<u>December 31,</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31,</u>	<u>Within</u>
	<u>2018</u>			<u>2019</u>	<u>One Year</u>
Leases Payable					
E-911 Equipment	\$ 18,851	\$ -	\$ 9,285	\$ 9,566	\$ 9,566
Technology Lease	950,020	-	123,828	826,192	127,594
Equipment Lease	190,555	-	80,000	110,555	81,826
Compensated Absences Payable	287,345	-	87,073	200,272	-
	<u>\$ 1,446,771</u>	<u>\$ -</u>	<u>\$ 300,186</u>	<u>\$ 1,146,585</u>	<u>\$ 218,986</u>

8. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

Newton County

Notes to the Financial Statements

December 31, 2019

9. Interfund Transfers

Interfund transfers for the year ended December 31, 2019, consisted of the following:

	<u>Transfers In (Out)</u>
General Fund	\$ (1,015,558)
Road and Bridge Fund	627,755
E-911 Fund	275,000
Assessment Fund	(7,688)
Tax Maintenance Fund	(12,342)
Road Sales Tax Fund	(627,755)
Capital Expenditures Fund	800,292
Recorder's User Fund	(39,704)
	<u>\$ -</u>

Transfers are used to (1) move receipts from the fund where collection is required by statute or budget to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

10. Tax Abatements

As of December 31, 2019, the County did not provide tax abatements to any businesses. However, the County's property taxes were reduced by programs entered into by the governments under the Real Property Tax Increment Allocation Redevelopment Act (Tax Incremental Financing), Enhanced Enterprise Zones Program, and Urban Redevelopment Corporation Law.

Tax Incremental Financing (TIF) is an economic development tool which redirects local tax revenues towards the redevelopment of eligible properties that are otherwise economically unfeasible. Sections 99.800-99.865, RSMo, the Real Property Tax Increment Allocation Redevelopment Act, enables cities to finance certain redevelopment costs with the incremental tax revenue generated by the net increase in assessed valuation resulting from the redevelopment. Real estate taxes in the redevelopment area are frozen at the current level or base valuation. The increased assessed valuation resulting from the redevelopment is referred to as payments in lieu of taxes (PILOT). PILOTs for each TIF district are collected by the county collector and distributed to the cities that authorized the TIF, these funds are then distributed to a TIF special allocation fund or other political subdivisions.

The Enhanced Enterprise Zones Program is designed to attract new or expanding businesses to the area. Under Sections 135.950-135.970, RSMo., in order for a manufacturer, distributor, or certain service industries to qualify for the 50% tax abatement for 10 years, the business must meet certain minimum criteria depending on the type of business facility. New or expanded business facilities must have two new employees and \$100,000 in new investment. Replacement business facilities must have two new employees and \$1,000,000 in new investment. Both types of business facilities must also offer health insurance to full time employees in Missouri, of which at least 50% is paid by the employer.

Newton County

Notes to the Financial Statements

December 31, 2019

The Urban Redevelopment Corporation Law, or Chapter 353, is an economic development tool to encourage redevelopment of blighted areas. Under Sections 353.010-353.190, RSMo., the Urban Redevelopment Corporation has a tax abatement available for 25 years. During the first 10 years, the property is not subject to real property taxes except in the amount of real property taxes assessed on the land during the calendar year during with the Urban Redevelopment Corporation acquired title to the real property. For the remaining 15 years, the property may be assessed up to 50% of its true value. Payments in lieu of taxes (PILOTs) may be imposed on the Urban Redevelopment Corporation by the city in order to replace all or part of the real estate taxes abated. The PILOTs must be allocated based on a proportionate share to each taxing district.

As of December 31, 2019, the amount of these abatements was as follows:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
Tax Incremental Financing (TIF)	\$ 19,754
Enhanced Enterprise Zone Program	1,543
Urban Redevelopment Corporation Law (Chapter 353)	452
	<u>\$ 21,749</u>

11. Commitments

As of December 31, 2019, the County was committed to the following:

<u>Company</u>	<u>Project</u>	<u>Amount</u>
Allgeier, Martin, and Associates	Jackson Ave, Bridge over Schoal Creek	\$ 68,866
Allgeier, Martin, and Associates	Coler Street over Hickory Creek	\$ 82,798

12. Risks & Uncertainties

Subsequent to year end, a strain of coronavirus (COVID-19) was identified as a global pandemic and began affecting the health of large portions of the global population. The detrimental impact of this virus is not yet determinable, but will likely be significant for both the local and global economy. The effects of COVID-19 on the County are also not yet determinable, however COVID-19 has been identified as a significant risk and uncertainty that could impact future operations and result in changes in estimates and assumptions made in the financial statements.

Supplementary Information

Newton County

Budgetary Comparison Schedule – General Fund – Modified Cash Basis

Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Receipts				
Taxes				
County sales taxes	\$ 7,090,000	\$ 7,090,000	\$ 7,297,452	\$ 207,452
State assessed railroad and utilities	25,000	25,000	23,323	(1,677)
Surtax	12,000	12,000	13,002	1,002
Payment in lieu of taxes	12,000	12,000	9,564	(2,436)
Other	10,000	10,000	7,553	(2,447)
	<u>7,149,000</u>	<u>7,149,000</u>	<u>7,350,894</u>	<u>201,894</u>
Collector's Commission				
Collection commissions	908,100	908,100	860,219	(47,881)
Intergovernmental Receipts				
Federal	139,382	139,383	126,286	(13,097)
Other	139,201	139,201	105,839	(33,362)
	<u>278,583</u>	<u>278,584</u>	<u>232,125</u>	<u>(46,459)</u>
Fees and Charges				
Public administration	50,000	50,000	70,864	20,864
County clerk	40,500	40,500	37,403	(3,097)
Recorder of deeds	195,600	195,600	188,207	(7,393)
Court	95,000	95,000	121,092	26,092
Extraditions	10,000	10,000	8,804	(1,196)
Sheriff fees	488,650	488,650	498,304	9,654
Phone	45,000	45,000	27,648	(17,352)
Other	1,000	1,000	-	(1,000)
	<u>925,750</u>	<u>925,750</u>	<u>952,322</u>	<u>26,572</u>
Other				
Interest receipts	35,450	35,450	68,631	33,181
Miscellaneous	53,000	53,000	8,440	(44,560)
	<u>88,450</u>	<u>88,450</u>	<u>77,071</u>	<u>(11,379)</u>
Total Receipts	<u>9,349,883</u>	<u>9,349,884</u>	<u>9,472,631</u>	<u>122,747</u>

Newton County

Budgetary Comparison Schedule – General Fund – Modified Cash Basis

Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Disbursements				
Current				
General Government				
Collector of revenue	257,800	257,800	248,651	9,149
Treasurer	75,062	75,062	70,115	4,947
Recorder of deeds	204,649	204,649	196,949	7,700
County commission	221,747	221,747	191,888	29,859
General services	1,822,372	1,822,372	879,507	942,865
Construction	-	8,305	9,581	(1,276)
Election and voter registration	100,900	100,900	73,682	27,218
County clerk	177,547	177,547	160,010	17,537
Auditor	246,638	246,638	230,841	15,797
Building and grounds	420,290	393,765	325,374	68,391
Custodial Services	-	18,220	20,344	(2,124)
Various Grants	-	-	23,300	(23,300)
	3,527,005	3,527,005	2,430,242	1,096,763
Judicial				
Circuit clerk	64,800	64,800	56,269	8,531
Circuit court	28,300	28,300	6,854	21,446
Coroner	138,415	138,415	108,311	30,104
Court reporter	2,500	2,500	1,717	783
Public administrator	224,465	224,465	204,005	20,460
Juvenile	133,757	133,757	114,281	19,476
Court services	132,500	132,500	110,571	21,929
Prosecuting attorney	762,162	762,162	725,040	37,122
	1,486,899	1,486,899	1,327,048	159,851
Public Safety				
Sheriff	3,202,999	3,174,659	2,959,125	215,534
Jail	1,514,007	1,542,346	1,425,343	117,003
Emergency management	113,919	113,919	98,155	15,764
	4,830,925	4,830,924	4,482,623	348,301
Health and Welfare				
Health and welfare	4,000	4,000	2,348	1,652
Total Disbursements	9,848,829	9,848,828	8,242,261	1,606,567

Newton County

Budgetary Comparison Schedule – General Fund – Modified Cash Basis

Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
<i>Excess (Deficit) of Receipts over Disbursements</i>	(498,946)	(498,944)	1,230,370	1,729,314
Other Financing Sources (Uses)				
Lease proceeds	209,445	209,445	-	(209,445)
Sale of property	25,000	25,000	33,918	8,918
Operating transfers in	-	-	12,342	12,342
Operating transfers (out)	(1,027,900)	(1,027,900)	(1,027,900)	-
Total other Financing Sources (Uses)	(793,455)	(793,455)	(981,640)	21,260
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	(1,292,401)	(1,292,399)	248,730	1,541,129
Fund Balance, January 1	3,391,662	3,391,662	3,391,662	-
Fund Balance, December 31	\$ 2,099,261	\$ 2,099,263	\$ 3,640,392	\$ 1,541,129

Newton County

Budgetary Comparison Schedule – Road and Bridge Fund – Modified Cash Basis

Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Receipts				
Taxes	\$ 2,008,000	\$ 2,008,000	\$ 2,067,225	\$ 59,225
Intergovernmental receipts	3,070,100	3,070,100	2,201,906	(868,194)
Other receipts	26,000	26,000	23,792	(2,208)
Total Receipts	5,104,100	5,104,100	4,292,923	(811,177)
Disbursements				
Highway and Roads				
Wages and benefits	582,560	582,560	471,801	110,759
Supplies	180,500	180,500	96,009	84,491
Repairs and maintenance	40,000	40,000	52,526	(12,526)
Engineering	5,000	5,000	-	5,000
Capital outlay	4,713,000	4,713,000	2,971,215	1,741,785
Contracted labor	3,000	3,000	1,825	1,175
Rental equipment	25,000	25,000	-	25,000
Special road districts	814,876	814,876	875,713	(60,837)
Other	207,500	207,500	7,914	199,586
Total Disbursements	6,571,436	6,571,436	4,477,003	2,094,433
<i>(Deficit) of Receipts Over Disbursements</i>	(1,467,336)	(1,467,336)	(184,080)	1,283,256
Other Financing Sources				
Operating transfers in	2,431,000	2,431,000	627,755	(1,803,245)
Total other Financing Sources	2,431,000	2,431,000	627,755	(1,803,245)
<i>Excess of Receipts and Other Sources Over Disbursements</i>	963,664	963,664	443,675	(519,989)
Fund Balance, January 1	2,485,996	2,485,996	2,485,996	-
Fund Balance, December 31	\$ 3,449,660	\$ 3,449,660	\$ 2,929,671	\$ (519,989)

Newton County

Budgetary Comparison Schedule – E-911 Fund – Modified Cash Basis

Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Receipts				
Taxes	\$ 430,000	\$ 430,000	\$ 381,043	\$ (48,957)
Charges for services	352,380	352,380	354,130	1,750
Other receipts	850	850	1,851	1,001
Total Receipts	783,230	783,230	737,024	(46,206)
Disbursements				
Public safety	1,125,726	1,125,726	1,038,173	87,553
Total Disbursements	1,125,726	1,125,726	1,038,173	87,553
<i>(Deficit) of Receipts Over Disbursements</i>	(342,496)	(342,496)	(301,149)	41,347
Other Financing Sources				
Operating transfers in	275,000	275,000	275,000	-
Total other Financing Sources	275,000	275,000	275,000	-
<i>(Deficit) of Receipts and Other Sources Over Disbursements</i>	(67,496)	(67,496)	(26,149)	41,347
Fund Balance, January 1	204,246	204,246	204,246	-
Fund Balance, December 31	\$ 136,750	\$ 136,750	\$ 178,097	\$ 41,347

Newton County

Budgetary Comparison Schedule – Assessment Fund – Modified Cash Basis

Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Receipts				
Charges for services	\$ 779,500	\$ 779,500	\$ 716,289	\$ (63,211)
Other receipts	18,000	18,000	22,862	4,862
Total Receipts	797,500	797,500	739,151	(58,349)
Disbursements				
General government	1,228,366	1,228,366	744,698	483,668
Total Disbursements	1,228,366	1,228,366	744,698	483,668
<i>(Deficit) of Receipts Over Disbursements</i>	(430,866)	(430,866)	(5,547)	425,319
Other Financing Sources (Uses)				
Operating transfers in	82,900	82,900	82,900	-
Operating transfers (out)	(65,000)	(65,000)	(90,588)	(25,588)
Total other Financing Sources (Uses)	17,900	17,900	(7,688)	(25,588)
<i>(Deficit) of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	(412,966)	(412,966)	(13,235)	399,731
Fund Balance, January 1	1,721,760	1,721,760	1,721,760	-
Fund Balance, December 31	\$ 1,308,794	\$ 1,308,794	\$ 1,708,525	\$ 399,731

Newton County

Budgetary Comparison Schedule – Mental Health Fund – Modified Cash Basis

Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Receipts				
Taxes	\$ 748,622	\$ 748,622	\$ 737,611	\$ (11,011)
Other receipts	3,000	3,000	4,063	1,063
Total Receipts	<u>751,622</u>	<u>751,622</u>	<u>741,674</u>	<u>(9,948)</u>
Disbursements				
Health and welfare	725,622	725,622	725,622	-
Total Disbursements	<u>725,622</u>	<u>725,622</u>	<u>725,622</u>	<u>-</u>
<i>Excess of Receipts Over Disbursements</i>	26,000	26,000	16,052	(9,948)
Fund Balance, January 1	182,133	182,133	182,133	-
Fund Balance, December 31	<u><u>\$ 208,133</u></u>	<u><u>\$ 208,133</u></u>	<u><u>\$ 198,185</u></u>	<u><u>\$ (9,948)</u></u>

Newton County

Budgetary Comparison Schedule – Road Sales Tax Fund – Modified Cash Basis

Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Receipts				
Taxes	\$ 2,025,000	\$ 2,025,000	\$ 2,084,905	\$ 59,905
Other receipts	18,000	18,000	17,421	(579)
Total Receipts	<u>2,043,000</u>	<u>2,043,000</u>	<u>2,102,326</u>	<u>59,326</u>
Disbursements				
Highway and Roads	<u>1,573,000</u>	<u>1,573,000</u>	<u>511,260</u>	<u>1,061,740</u>
Total Disbursements	<u>1,573,000</u>	<u>1,573,000</u>	<u>511,260</u>	<u>1,061,740</u>
<i>Excess of Receipts Over Disbursements</i>	470,000	470,000	1,591,066	1,121,066
Other Financing (Uses)				
Operating transfers (out)	<u>(1,200,500)</u>	<u>(1,200,500)</u>	<u>(627,755)</u>	<u>572,745</u>
Total other Financing (Uses)	<u>(1,200,500)</u>	<u>(1,200,500)</u>	<u>(627,755)</u>	<u>572,745</u>
<i>Excess (Deficit) of Receipts Over Disbursements and Other (Uses)</i>	(730,500)	(730,500)	963,311	1,693,811
Fund Balance, January 1	<u>735,277</u>	<u>735,277</u>	<u>735,277</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 4,777</u>	<u>\$ 4,777</u>	<u>\$ 1,698,588</u>	<u>\$ 1,693,811</u>

Newton County

Budgetary Comparison Schedule – Capital Expenditures Fund – Modified Cash Basis

Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Receipts				
Other receipts	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Total Receipts	100,000	100,000	-	(100,000)
Disbursements				
Capital outlay	1,047,000	1,047,000	178,025	868,975
Debt service	153,000	153,000	152,723	277
Total Disbursements	1,200,000	1,200,000	330,748	869,252
<i>(Deficit) of Receipts Over Disbursements</i>	(1,100,000)	(1,100,000)	(330,748)	769,252
Other Financing Sources				
Lease proceeds	-	-	5,500	5,500
Operating transfers in	670,000	670,000	800,292	130,292
Total other Financing Sources	670,000	670,000	805,792	135,792
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements</i>	(430,000)	(430,000)	475,044	905,044
Fund Balance, January 1	432,137	432,137	432,137	-
Fund Balance, December 31	\$ 2,137	\$ 2,137	\$ 907,181	\$ 905,044

Newton County

Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2019

Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) In accordance with Chapter 67, RSMo, the County adopts a budget for each fund.
- 2) Prior to January the Presiding Commissioner, who serves as the Budget Officer, submits to the Commission a proposed budget for the fiscal year beginning on the following January 1. The budget includes estimated receipts and proposed disbursements for all County funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Commission, the budget document is available for public inspection.
- 4) In January, the budget is legally enacted by a vote of the Commission.
- 5) Subsequent to its formal approval of the budget, the Commission has the authority to make necessary adjustments to the budget by formal vote of the Commission. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Commission. Individual amendments were not material to the original appropriations, which were amended.
- 6) Budgets for County funds are prepared and adopted on the modified cash basis (budget basis), recognizing receipts when collected and disbursements when paid.

Other Financial Information

Newton County

Combining Statement of Assets and Fund Balances – Nonmajor Special Revenue Funds – Modified Cash Basis

December 31, 2019

	<u>Newton County Fair Fund</u>	<u>Prosecuting Attorney Administrative Fund</u>	<u>Tax Maintenance Fund</u>	<u>Prosecuting Attorney Training Fund</u>	<u>Sheriff Civil Charges Fund</u>	<u>Domestic Violence Fund</u>	<u>Election Improvement Fund</u>	<u>Sheriff's Revolving Fund</u>	<u>Inmate Security Fund</u>	<u>Capital Improvement Fund</u>	<u>Recorder's Technology Fund</u>
Assets											
Cash and cash equivalents - unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,869	\$ -	\$ -	\$ 79,832	\$ -
Cash and cash equivalents - restricted	25,482	5,172	257,252	15,498	66,113	4,435	-	35,842	43,692	-	190,956
Total Assets	<u>\$ 25,482</u>	<u>\$ 5,172</u>	<u>\$ 257,252</u>	<u>\$ 15,498</u>	<u>\$ 66,113</u>	<u>\$ 4,435</u>	<u>\$ 23,869</u>	<u>\$ 35,842</u>	<u>\$ 43,692</u>	<u>\$ 79,832</u>	<u>\$ 190,956</u>
Fund Balances											
Restricted for											
General government	\$ -	\$ -	\$ 257,252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190,956
Judicial	-	5,172	-	15,498	-	-	-	-	-	-	-
Public safety	-	-	-	-	66,113	-	-	35,842	43,692	-	-
Health and welfare	-	-	-	-	-	4,435	-	-	-	-	-
Fair	25,482	-	-	-	-	-	-	-	-	-	-
Committed to Capital Improvement	-	-	-	-	-	-	-	-	-	79,832	-
Assigned to											
Election	-	-	-	-	-	-	23,869	-	-	-	-
Law library	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>\$ 25,482</u>	<u>\$ 5,172</u>	<u>\$ 257,252</u>	<u>\$ 15,498</u>	<u>\$ 66,113</u>	<u>\$ 4,435</u>	<u>\$ 23,869</u>	<u>\$ 35,842</u>	<u>\$ 43,692</u>	<u>\$ 79,832</u>	<u>\$ 190,956</u>

Newton County

Combining Statement of Assets and Fund Balances – Nonmajor Special Revenue Funds – Modified Cash Basis
Year Ended December 31, 2019

	<u>Recorder's User Fund</u>	<u>Law Library Fund</u>	<u>Bridge Demolition Fund</u>	<u>Law Enforcement Training Fund</u>	<u>Election Fund</u>	<u>Prosecuting Attorney Delinquent Tax Fund</u>	<u>Sheriff's Criminal Activity Forfeiture Fund</u>	<u>Local Emergency Planning Commission Fund</u>	<u>Sheriff Donation Fund</u>	<u>Court Preservation Fund</u>	<u>Total</u>
Assets											
Cash and cash equivalents - unrestricted	\$ -	\$ 15,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,710	\$ -	\$ 136,661
Cash and cash equivalents - restricted	99,111	-	83,362	3,763	64,256	56,595	16,196	34,866	-	776	1,003,367
Total Assets	<u>\$ 99,111</u>	<u>\$ 15,250</u>	<u>\$ 83,362</u>	<u>\$ 3,763</u>	<u>\$ 64,256</u>	<u>\$ 56,595</u>	<u>\$ 16,196</u>	<u>\$ 34,866</u>	<u>\$ 17,710</u>	<u>\$ 776</u>	<u>\$ 1,140,028</u>
Fund Balances											
Restricted for											
General government	\$ 99,111	\$ -	\$ 83,362	\$ -	\$ 64,256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 694,937
Judicial	-	-	-	-	-	56,595	-	-	-	776	78,041
Public safety	-	-	-	3,763	-	-	16,196	34,866	-	-	200,472
Health and welfare	-	-	-	-	-	-	-	-	-	-	4,435
Fair	-	-	-	-	-	-	-	-	-	-	25,482
Committed to Capital Improvement	-	-	-	-	-	-	-	-	-	-	79,832
Assigned to											
Election	-	-	-	-	-	-	-	-	-	-	23,869
Law library	-	15,250	-	-	-	-	-	-	-	-	15,250
Public safety	-	-	-	-	-	-	-	-	17,710	-	17,710
Total Fund Balances	<u>\$ 99,111</u>	<u>\$ 15,250</u>	<u>\$ 83,362</u>	<u>\$ 3,763</u>	<u>\$ 64,256</u>	<u>\$ 56,595</u>	<u>\$ 16,196</u>	<u>\$ 34,866</u>	<u>\$ 17,710</u>	<u>\$ 776</u>	<u>\$ 1,140,028</u>

Newton County

Combining Statement of Receipts, Disbursements, and Changes in Fund Balance – Nonmajor Special Revenue Funds – Modified Cash Basis Year Ended December 31, 2019

	Newton County Fair Fund	Prosecuting Attorney Administrative Fund	Tax Maintenance Fund	Prosecuting Attorney Training Fund	Sheriff Civil Charges Fund	Domestic Violence Fund	Election Improvement Fund	Sheriff's Revolving Fund	Inmate Security Fund	Capital Improvement Fund	Recorder's Technology Fund
Receipts											
Taxes	\$ 87,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental receipts	-	-	-	-	-	-	9,244	-	8,762	-	-
Fees and charges	-	16,799	89,416	3,552	30,951	8,411	-	28,310	7,554	-	43,295
Other receipts	464	143	2,218	-	-	22	130	347	-	-	2,402
Total Receipts	88,059	16,942	91,634	3,552	30,951	8,433	9,374	28,657	16,316	-	45,697
Disbursements											
Current											
General government	-	-	45,656	-	-	-	1,011	-	-	-	34,765
Judicial	-	13,720	-	10,181	-	-	-	-	-	-	-
Public safety	-	-	-	-	21,716	-	-	34,370	9,002	-	-
Health and welfare	-	-	-	-	-	8,803	-	-	-	-	-
Fair	82,676	-	-	-	-	-	-	-	-	-	-
Capital improvement	-	-	-	-	-	-	-	-	-	1,148	-
Total Disbursements	82,676	13,720	45,656	10,181	21,716	8,803	1,011	34,370	9,002	1,148	34,765
<i>Excess (Deficit) of Receipts over Disbursements</i>	5,383	3,222	45,978	(6,629)	9,235	(370)	8,363	(5,713)	7,314	(1,148)	10,932
Other Financing Sources (Uses)											
Sale of property	-	-	-	-	1,790	-	-	-	-	-	-
Operating transfers in (out)	-	-	(12,342)	-	-	-	-	-	-	-	-
Total other Financing Sources (Uses)	-	-	(12,342)	-	1,790	-	-	-	-	-	-
<i>Excess (Deficit) of Receipts and other Sources over Disbursements and other (Uses)</i>	5,383	3,222	33,636	(6,629)	11,025	(370)	8,363	(5,713)	7,314	(1,148)	10,932
Fund Balance, January 1	20,099	1,950	223,616	22,127	55,088	4,805	15,506	41,555	36,378	80,980	180,024
Fund Balance, December 31	\$ 25,482	\$ 5,172	\$ 257,252	\$ 15,498	\$ 66,113	\$ 4,435	\$ 23,869	\$ 35,842	\$ 43,692	\$ 79,832	\$ 190,956

Newton County

Combining Statement of Receipts, Disbursements, and Changes in Fund Balance – Nonmajor Special Revenue Funds – Modified Cash Basis

Year Ended December 31, 2019

	Recorder's User Fund	Law Library Fund	Bridge Demolition Fund	Law Enforcement Training Fund	Election Fund	Prosecuting Attorney Delinquent Tax Fund	Sheriff's Criminal Activity Forfeiture Fund	Local Emergency Planning Commission Fund	Sheriff Donation Fund	Court Preservation Fund	Total
Receipts											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,595
Intergovernmental receipts	-	-	-	-	5,968	7,553	-	5,398	-	-	36,925
Fees and charges	17,872	27,507	-	11,937	2,022	-	-	-	-	-	287,626
Other receipts	1,321	2	699	-	520	431	207	273	11,215	-	20,394
Total Receipts	<u>19,193</u>	<u>27,509</u>	<u>699</u>	<u>11,937</u>	<u>8,510</u>	<u>7,984</u>	<u>207</u>	<u>5,671</u>	<u>11,215</u>	<u>-</u>	<u>432,540</u>
Disbursements											
Current											
General government	20,928	-	-	-	4,082	-	-	-	-	-	106,442
Judicial	-	26,366	-	-	-	-	-	-	-	635	50,902
Public safety	-	-	-	15,832	-	-	11,014	1,207	11,447	-	104,588
Health and welfare	-	-	-	-	-	-	-	-	-	-	8,803
Fair	-	-	-	-	-	-	-	-	-	-	82,676
Capital improvement	-	-	-	-	-	-	-	-	-	-	1,148
Total Disbursements	<u>20,928</u>	<u>26,366</u>	<u>-</u>	<u>15,832</u>	<u>4,082</u>	<u>-</u>	<u>11,014</u>	<u>1,207</u>	<u>11,447</u>	<u>635</u>	<u>354,559</u>
<i>Excess (Deficit) of Receipts over Disbursements</i>	(1,735)	1,143	699	(3,895)	4,428	7,984	(10,807)	4,464	(232)	(635)	77,981
Other Financing Sources (Uses)											
Sale of property	-	-	-	-	-	-	-	-	-	-	1,790
Operating transfers in (out)	(39,704)	-	-	-	-	-	-	-	-	-	(52,046)
Total other Financing Sources (Uses)	<u>(39,704)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,256)</u>
<i>Excess (Deficit) of Receipts and other Sources over Disbursements and other (Uses)</i>	(41,439)	1,143	699	(3,895)	4,428	7,984	(10,807)	4,464	(232)	(635)	27,725
Fund Balance, January 1	140,550	14,107	82,663	7,658	59,828	48,611	27,003	30,402	17,942	1,411	1,112,303
Fund Balance, December 31	<u>\$ 99,111</u>	<u>\$ 15,250</u>	<u>\$ 83,362</u>	<u>\$ 3,763</u>	<u>\$ 64,256</u>	<u>\$ 56,595</u>	<u>\$ 16,196</u>	<u>\$ 34,866</u>	<u>\$ 17,710</u>	<u>\$ 776</u>	<u>\$ 1,140,028</u>

Other Reporting Requirements



Independent Auditors' 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*

Newton County Commission
Newton County
Neosho, Missouri

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, each major fund and the aggregate remaining fund information of Newton County, Missouri, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Newton County, Missouri's basic financial statements and have issued our report dated September 22, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Newton County, Missouri's internal control over financial reporting 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 Newton County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Newton County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
September 22, 2020



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Newton County Commission
Newton County
Neosho, Missouri

Report on Compliance for Each Major Federal Program

We have audited Newton County, Missouri's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2019. Newton County, Missouri's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Newton County, Missouri's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Newton County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on Newton County, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, Newton County, Missouri, complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

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Report on Internal Control over Compliance

Management of Newton County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Newton County, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Newton County, Missouri's internal control over compliance.

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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
September 22, 2020

Newton County

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number/Other Identifying Number	Pass-through to Subrecipients	Total Expenditures of Federal Awards
U.S. Department of Justice				
Direct				
Local Law Enforcement Block Grants Program	16.607	2019BUBX19099843	\$ -	\$ 3,672
Cooperative Agreement	16.000	N/A	-	11,014
Total U.S. Department of Justice			-	14,686
U.S. Department of Transportation				
Missouri Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	BRO-073(23)	-	1,734,136
		BRO-073(24)	-	20,557
			-	1,754,693
Highway Safety Cluster				
State and Community Highway Safety	20.600	19-PT-02-058	-	5,431
		20-PT-02-061	-	660
		19-PT-02-067	-	616
			-	6,707
Missouri Department of Highway Safety				
Alcohol Open Container Requirements	20.607	19-154-AL-063	-	3,315
		20-154-AL-070	-	118
		19-154-AL-019	-	118
			-	3,551
Total U.S. Department of Transportation			-	1,764,951
U.S. Department of Health and Human Services				
Missouri Department of Social Services				
Child Support Enforcement	93.563	ER10217C067	-	41,883
Total U.S. Department of Health and Human Services			-	41,883
U.S. Department of Homeland Security				
Emergency Management Performance Grant	97.042	EMK-2019-EP-00001-080	-	45,548
FEMA Disaster Grant				
	97.036	FEMA-4250-DR-MO	-	76,491
		FEMA-4317-DR-MO	-	13,009
		FEMA-4451-DR-MO	-	39,494
			-	128,994
Total U.S. Department of Homeland Security			-	174,542
Total Expenditures of Federal Awards			\$ -	\$ 1,996,062

Newton County

Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Newton County under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Newton County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Newton County.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Newton County elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Subrecipients

The County did not provide funds to subrecipients in the current year.

Newton County

Summary Schedule of Finding and Questioned Costs

Year Ended December 31, 2019

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting:		Unmodified
Internal Control over Financial Reporting:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Noncompliance material to financial statements noted?		No
Federal Awards		
Internal control over major federal programs:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Type of auditor's report issued on compliance for major federal program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		No
Identification of major federal program:		
CFDA Number(s)	Name of Federal Program or Cluster	
20.205	Highway Planning and Construction Cluster	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

None

Newton County

Schedule of Prior Audit Findings

Year Ended December 31, 2019

There were no prior audit findings.



Newton County Commission
Newton County
Neosho, Missouri

In planning and performing our audit of the basic financial statements of Newton County, Missouri, for the year ended December 31, 2019, we considered the County's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. As discussed in the Independent Auditors' 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*, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

In addition to the Independent Auditors' 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*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and suggestions regarding these matters.

1. Signatures on checks

During our audit, we noted that some disbursements of the County require multiple signature on checks as an internal control to reduce the risk of improper use of County funds, however, not all disbursement of County funds require multiple signatures.

We Recommend:

The County adopt a policy requiring all County disbursements apply the same internal control processes.

2. Cybersecurity

Cybersecurity threats are increasing and government entities of all sizes are at risk for a breach of their information systems. With this increase in risk, entities should be continually evaluating risk and taking steps necessary to ensure the security of information systems. Steps include identifying critical information systems, training employees to properly identify threats received in emails or by other means, and adopting internal communication methods other than email.

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It is important that entities develop a recovery plan outlining procedures that personnel should follow once a cybersecurity breach is discovered. Additionally, entities should be aware of any insurance in place to help protect them from liabilities that can occur as the result of a breach.

We Recommend:

The County evaluate its cybersecurity risks and take the necessary steps to reduce the risk of cybersecurity threats to their information systems. This evaluation should be performed frequently as technology and information systems are continually changing.

3. 15% Telephone Tax

The County has experienced a decline over the past several years in telephone taxes received for the Emergency 911 service E-911. This is a result of the increased cellular usage, which is not taxed, versus land line phones, which are taxed. Due to this, the County's General Revenue Fund has had to make transfers into the E-911 Fund to cover the deficit from operations.

We Acknowledge:

The County has researched ways to increase receipts to cover disbursements in the E-911 Fund without relying on a transfer from the County's General Revenue Fund.

We Continue to Recommend:

The County investigate ways of increasing receipts necessary to cover disbursements of the E-911 Fund.

4. Scanning Source Documents

During our audit, we noted that some departments are not following County policies in regard to scanning source documents into the County's software system.

We Recommend:

The County monitor and implement the necessary policies and procedures with officeholders and department heads to ensure that source documents are scanned into the County's software system.

5. Purchasing Cards

During our audit, we noted the County issues a large number of purchase cards to personnel. While the process for proper use of purchase cards is documented, the number of cards issued makes monitoring process compliance difficult.

We Recommend:

The County review its procurement policy and amend, where necessary, to reduce the need for a large number of purchasing cards, instead issuing a series of purchasing cards that can be checked in and out in order to make purchases when needed.

6. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that may affect the County in future years:

GASB Statement No. 84 – Fiduciary Activities – This statement establishes criteria for identifying fiduciary activities. Activities meeting the criteria will be reported in a fiduciary fund in the basic financial statements.

Specifically, custodial funds generally should report fiduciary activities if they meet specific criteria. The effective date is for the fiscal year ending December 31, 2020, with earlier implementation encouraged.

GASB Statement No. 87 – Leases – This Statement establishes a single model for lease accounting. It changes the definition of a lease and requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The effective date is for the County's year ending December 31, 2022, with earlier implementation encouraged.

We Recommend:

The County examine the new pronouncements to determine the effect these will have on future financial reporting and to ensure successful implementation on the effective dates.

We will review the status of these comments during our next audit engagement. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We appreciate this opportunity to serve as the independent auditor for Newton County, Missouri, and the courtesies and assistance extended to us by the County's employees.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
September 22, 2020



Newton County Commission
Newton County
Neosho, Missouri

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Newton County, Missouri for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 18, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Newton County, Missouri, are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by Newton County, Missouri during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

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Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 22, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Newton County, Missouri’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Newton County, Missouri’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were not engaged to report on the supplementary information which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly we do not express an opinion or provide any assurance on it.

With respect to the other financial information and the Schedule of Expenditures of Federal Awards accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other financial information and the Schedule of Expenditures of Federal Awards to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the County Commission and the management of Newton County, Missouri, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Handwritten signature in black ink that reads "KPM CPAs, PC".

KPM CPAs, PC
Springfield, Missouri
September 22, 2020