

**Newton County Industrial
Development Authority**
(A Component Unit of Newton County, Georgia)
Financial Statements

For the Fiscal Year Ended June 30, 2021

NEWTON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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Financial Section

Treadwell, Tamplin & Co.

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INDEPENDENT AUDITOR'S REPORT

To Board of Directors
Newton County Industrial Development Authority
Covington, Georgia

We have audited the accompanying financial statements of the governmental activities and each major fund of the Newton County Industrial Development Authority (a component unit of Newton County, Georgia) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority'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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 *Governmental 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 entity'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 entity'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Newton County Industrial Development Authority, as of June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's budgetary comparison information, on page twelve, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 31, 2021 on our consideration of the Authority'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Newton County Industrial Development Authority's 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 the Newton County Industrial Development Authority's internal control over financial reporting and compliance.

Treadwell, Tamplin + Co.

Madison, Georgia
December 31, 2021

Basic Financial Statements

NEWTON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
Statement of Net Position
June 30, 2021

	Governmental Activities	Total
ASSETS		
Cash and cash equivalents (Note 2)	\$ 1,343,490	\$ 1,343,490
Restricted assets		
Cash	675,270	675,270
Investments	2,986,441	2,986,441
Capital assets, not being depreciated (Note 3)	14,487,543	14,487,543
Total Assets	19,492,744	19,492,744
LIABILITIES		
Accounts payable	50,376	50,376
Accrued interest payable	26,699	26,699
Long-term liabilities:		
Industrial revenue bonds due after one year (Note 5)	16,100,000	16,100,000
Total liabilities	16,177,075	16,177,075
NET POSITION		
Net investment in capital assets	1,373,984	1,373,984
Unrestricted	1,941,685	1,941,685
Total Net Position	\$ 3,315,669	\$ 3,315,669

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

NEWTON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Activities:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental:						
Housing and Development	\$ 512,484	\$ 871,067	\$ 91,709	\$ -	\$ 450,292	\$ 450,292
Interest and fiscal charges	366,126	-	-	-	(366,126)	(366,126)
Total governmental activities	<u>878,610</u>	<u>871,067</u>	<u>91,709</u>	<u>-</u>	<u>84,166</u>	<u>84,166</u>
 Total government	 <u>878,610</u>	 <u>871,067</u>	 <u>91,709</u>	 <u>-</u>	 <u>84,166</u>	 <u>84,166</u>
General revenues:						
					604	604
					480,000	480,000
					11,059	11,059
					<u>491,663</u>	<u>491,663</u>
					575,829	575,829
					<u>2,739,840</u>	<u>2,739,840</u>
					<u>\$ 3,315,669</u>	<u>\$ 3,315,669</u>

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

NEWTON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
Balance Sheet
Governmental Fund
June 30, 2021

Assets	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents (Note 2)	\$ 1,343,490	\$ -	\$ 1,343,490
Restricted assets	<u>-</u>	<u>3,661,711</u>	<u>3,661,711</u>
Total Assets	<u>\$ 1,343,490</u>	<u>\$ 3,661,711</u>	<u>\$ 5,005,201</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 50,376	\$ -	\$ 50,376
Total Current Liabilities	50,376	-	50,376
Fund Balance:			
Restricted for Capital Projects	-	2,986,441	2,986,441
Committed for Capital Projects	-	675,270	675,270
Unassigned (Note 1)	<u>1,293,114</u>	<u>-</u>	<u>1,293,114</u>
Total Fund Balance	<u>1,293,114</u>	<u>3,661,711</u>	<u>4,954,825</u>
Total Liabilities and Fund Balance	<u>\$ 1,343,490</u>	<u>\$ 3,661,711</u>	<u>\$ 5,005,201</u>

Reconciliation of Fund Balance to Governmental Activities Net Position

Total <i>fund balance</i> for the governmental funds	\$ 4,954,825
Total <i>net position</i> reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	14,487,543
Accrued interest is recorded as an expenditure in the funds when it becomes due. Accrued interest is reported as a liability irrespective of due date in the statement of net assets.	(26,699)
Long-term liabilities applicable to the Authority's governmental activities are not due and payable in the current period, and accordingly, are not fund liabilities. Long-term liabilities for governmental activities are reported in the statement of net assets.	<u>(16,100,000)</u>
Total <i>net position</i> of governmental activities	<u>\$ 3,315,669</u>

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

NEWTON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
Statement of Revenues, Expenditures and
Changes in Fund Balance
Governmental Fund
For the Fiscal Year Ended June 30, 2021

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Bond administration income	\$ 195,610	\$ 675,297	\$ 870,907
Investment income	478	126	604
Intergovernmental revenue	480,000	-	480,000
Contributions and donations	6,000	-	6,000
Miscellaneous	96,928	-	96,928
Total Revenues	<u>779,016</u>	<u>675,423</u>	<u>1,454,439</u>
EXPENDITURES			
Current:			
Housing and Development			
Economic Development	512,484	-	512,484
Debt service:			
Interest and fiscal charges	-	85,437	85,437
Issuance costs	-	253,990	253,990
Capital outlay	-	12,774,285	12,774,285
Total expenditures	<u>512,484</u>	<u>13,113,712</u>	<u>13,626,196</u>
Excess (Deficit) of revenues over (under) expenditures	<u>266,532</u>	<u>(12,438,289)</u>	<u>(12,171,757)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from bond issuance	-	16,100,000	16,100,000
Total other financing sources and uses	<u>-</u>	<u>16,100,000</u>	<u>16,100,000</u>
Net change in fund balance	266,532	3,661,711	3,928,243
Fund balance, beginning	<u>1,026,582</u>	<u>-</u>	<u>1,026,582</u>
Fund balance, ending	<u>\$ 1,293,114</u>	<u>\$ 3,661,711</u>	<u>\$ 4,954,825</u>

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

NEWTON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
Statement of Revenues, Expenditures and
Changes in Fund Balance
Governmental Fund
For the Fiscal Year Ended June 30, 2021

Reconciliation of Change in Fund Balance to the Change in Governmental Activities Net Position

Net change in <i>fund balance</i> - governmental funds	\$ 3,928,243
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The change in *net position* reported for governmental activities in the statement of activities is different because:

Governmental funds record purchases of capital assets when payments are made. Therefore, they are shown as assets in the government wide statements and expenses in the governmental fund statements.	12,774,285
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Governmental funds record all of the proceeds from the sale of capital assets as an increase in the change in fund balance. However, in the statement of activities the proceeds from the sale are reported net of the book value of the related assets as a gain on sale of assets	(16,100,000)
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Accrued interest is not recorded in the governmental funds, but is in the government-wide statements. Accordingly, the change in accrued interest is reported in the statement of activities, but not in the general fund.	(26,699)
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Change in <i>net position</i> of governmental activities	\$ <u><u>575,829</u></u>
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Notes to Financial Statements

NEWTON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
Notes to the Financial Statements
June 30, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

The Newton County Industrial Development Authority (Authority) is governed by Article VII, Section V, Paragraph 1 of the Constitution of Georgia (Georgia Law 1964). The Authority consists of five members. The five members of the Authority consist of an appointee from the Board of Commissioners of Newton County, Georgia (the County); the Mayor of the City of Covington, Georgia (the City); the President of the Newton County Chamber of Commerce (or their respective appointees), and two at-large members selected by the three previously named members.

Management considered several criteria outlined in GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 61, to determine whether the Authority was a component unit of a primary government and whether the Authority had any component units. These criteria are:

- the organization is legally separate (can sue and be sued in its own name)
- the organization holds the corporate powers of the organization
- the organization appoints a voting majority of the organization's board
- the organization is able to impose its will on the organization
- the organization has the potential to impose a financial burden or provide a financial benefit
- the is fiscal dependence by the controlled organization on the controlling organization

Consequently, management believes that the Authority is a component unit of Newton County, Georgia. The Authority does not have any component units of its own.

The accounting policies of Newton County Industrial Development Authority conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The following is a summary of the significant policies.

A. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the Authority. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements present the *governmental activities* of the Authority. The Authority has no *business-type* activities. The Authority reports no fiduciary funds. If any were reported, they would not be included in the government-wide statements. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Authority's funds. The emphasis of fund financial statements is on major governmental, each displayed in a separate column. The Authority only has one fund, its general fund. There are no non-major funds.

The Authority reports the following major funds:

General Fund – This is the Authority's main operating fund. It collects interest revenue and conduit debt issuance charges for the Authority. It also pays all expenditures of the Authority.

Capital Project Fund – This is the capital project fund established to account for the funds from the 2021 revenue bond issue.

NEWTON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
Notes to the Financial Statements
June 30, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies, continued

B. Measurement Focus, Basis of Accounting

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions are transactions in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange. Non-exchange transactions include property taxes, grants, entitlements, and donations.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Authority considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Interest is considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

C. Budgets and Budgetary Accounting

The Authority adopts the budget for the general fund annually and the capital project fund. The budget process begins by the Secretary / Treasurer determining the expected revenues and expenditures for the year. The Secretary / Treasurer then proposes a budget based on this analysis to the Authority's board. Then based on discussions held during board meetings the board adopts the budget. The Secretary / Treasurer is authorized to adjust the budget between line items, but any increase in the total budget is approved by the board. The Board has adopted the fund level as its legal level of budgetary control.

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not used by the Authority.

E. Cash and cash equivalents

Cash consists of demand and interest-bearing deposits held in banks. All bank balances must be collateralized by an amount equal to 110% of uninsured deposits of the State of Georgia or U.S. obligations or direct loans to the Authority.

F. Prepaid expenses

Expenditures for services extending over more than one accounting period are recorded as expenditures in the governmental fund in the period of acquisition.

G. Fund Balance

The Authority's policy is to first apply restricted assets to expenditures and expenses which meet the requirements of restrictions when both restricted and unrestricted assets are available to fund the expenditure or expense.

Fund balances are classified as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

NEWTON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
Notes to the Financial Statements
June 30, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies, continued

G. Fund Balance, continued

Restricted—Amounts that can be spent only for specific purposes because of the charter, code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by Authority board ordinance or resolution.

Assigned—Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Amounts are assigned by board action.

Unassigned—All amounts not included in other spendable classifications.

As discussed above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted or changed by the Board. Decreases to fund balance first reduce committed fund balance, then assigned fund balance, and finally unassigned fund balance. A formal action of the board is required to commit or assign fund balance.

H. Capital Assets

Capital assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at an estimate of their fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, net of related interest earned, is included as part of the capitalized value of the assets constructed.

The Authority has adopted all components of GASB Statement No. 34, including the retroactive infrastructure reporting requirements. The Authority neither owns nor reports any infrastructure assets.

Because the Authority has no depreciable capital assets, the Authority has not adopted a depreciation policy. The Authority will adopt a depreciation accounting policy in the event that it ever obtains any property that is susceptible to depreciation in the government-wide financial statements.

I. Restricted Assets

Certain proceeds of Capital Projects Fund revenue bonds, as well as certain resources set aside for repayment of the current portion of certain long-term obligations are classified as restricted assets. The Authority's policy is to first apply restricted assets to expenditures which meet the requirements of the restriction when both restricted and unrestricted assets are available to fund the expenditure.

Note 2: Stewardship, Compliance and Accountability

A. Excess of expenditures over appropriations in individual departments:

The Authority had no expenditures that exceeded budget.

B. Deficit fund balances

All funds of the Authority reported positive fund balances as of the balance sheet date.

NEWTON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
Notes to the Financial Statements
June 30, 2021

Note 3: Deposits with Financial Institutions

Custodial Credit Risk

Custodial credit risk is the risk that in that in the event of a bank failure, the Authority’s deposits may not be recovered. State law requires deposits with financial institutions be collateralized in an amount equal to 110% of uninsured deposits. As of June 30, 2021, the Authority was entirely insured or collateralized by securities held by the pledging financial institutions. Therefore, the Authority has no custodial credit risk for deposits.

Interest Rate Risk

Interest rate risk is the risk that the changes in interest rates of debt investments will adversely affect the fair value of an investment. The Authority does not have a formal investment policy for managing interest rate risk.

Credit Risk and Foreign Currency Risk

Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of the State of Georgia or of any other states;
- Obligations issued by the United States;
- Obligations fully insured or guaranteed by the United States government or governmental agency;
- Obligations of any corporation of the United States government;
- Prime bankers' acceptances;
- The State of Georgia Local Government Investment Pool;
- Repurchase agreements; and
- Obligations of other political subdivisions of the State of Georgia.

The Authority does not have an investment policy that would further limit its investment choices. The Authority does not have any foreign investments and is therefore not exposed to foreign currency risk.

Concentration of Credit Risk

The Authority places no limit on the amount that the Authority may invest in any one issuer. GASB Statement 40 requires disclosure when the percent is 5% or more in any one issuer. All of the County’s investments are in U.S. Treasury and Government agency funds and the Local Government Investment Pool.

Foreign Currency Risk

All deposits and investments are denominated in US dollars. Accordingly, the County is not exposed to foreign currency risk.

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Balance</u>	<u>Weighted Average Maturities</u>
Capital Project Fund			
Fidelity Treasury Money Market Shares	AAAm	\$ 2,986,441	53 days

NEWTON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
Notes to the Financial Statements
June 30, 2021

Note 4: Property

The Authority has no capital assets other than land that it has purchased. This land was purchased with the intent of either selling or developing the property to be used to entice industry to locate within Newton County.

Capital asset activity for the period is as follows:

Governmental Activities

	Beginning Balance	Additions	Disposals	Ending Balance
Assets not being depreciated:				
Land	\$ 1,713,258	\$ 12,774,285	\$ -	\$ 14,487,543
Governmental activities	\$ 1,713,258	\$ 12,774,285	\$ -	\$ 14,487,543

The Authority reported no depreciation expense as it has no assets that are susceptible to depreciation.

Note 5: Long-term Obligations

Series 2021 Revenue Bonds –Direct Placement On February 25, 2021 the IDA issued the Series 2021 Revenue Bonds, par value of \$16,100,000 in order to purchase land for expansion of industry. Bonds consisted of total principal value of \$16,100,000 with a coupon rate of 1.99%. Payment dates range from June 1, 2021 to June 1, 2035. Total interest for the fourteen year bonds will total \$2,919,993 with total debt service amounting to \$19,019,993.

Issued	Purpose	Interest Rate (%)	Interest Date	Date of Bonds	Maturity Date	Authorized and Issued	Retired	Outstanding
<i>2021 Series Revenue Bonds - Direct Placement</i>								
2/25/2021	Land Purchase & Improvements	1.99%	Semi- Annually	6/1/2021	6/1/2035	\$ 16,100,000	\$ -	\$ 16,100,000

	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
2021 Series Revenue bonds Direct Placement	\$ -	\$ 16,100,000	\$ -	\$ 16,100,000	\$ -

The annual debt service requirements are as follows:

Fiscal Year End	Principal	Interest
2022	\$ -	\$ 320,390
2023	350,000	320,390
2024	800,000	313,425
2025	975,000	297,505
2026	1,225,000	278,103
2027-2035	12,750,000	1,304,743
	\$ 16,100,000	\$ 2,834,556

NEWTON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
Notes to the Financial Statements
June 30, 2021

Note 6: Conduit Debt Obligations

As a part of fulfilling its mission of increasing commercial activity in Newton County, the Authority has issued Industrial Revenue Bonds (IRBs). These IRBs were issued to provide financing to private companies for the acquisition, improvement, construction, and equipping of industrial facilities within Newton County. The Authority collects conduit debt fees from the other entities in exchange for its agreement to issue the IRBs. The IRBs have an original borrowing of \$688,165,000 and mature between 2020 and 2039. The IRBs had an outstanding balance of \$519,420,373 as of the balance sheet date.

In exchange for the Authority issuing the IRBs, the other entities agreed to make lease payments to the IRB in an amount equal to the required debt service of the IRBs. The Authority then assigned those leases to the appropriate conduit debt trustee, who collects the lease payments directly from the other entity. The Authority also acquired a security interest in the facilities obtained through the conduit debt financing. This security interest will remain in effect until all lease payments have been made by the other entity. The Authority has no responsibility for the IRBs beyond the resources that are provided by the leases that the Authority has assigned to the conduit debt trustees. In no event will Authority funds ever be used to retire the IRBs.

Note 7: Risk Management

The Authority is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; injuries to employees and natural disasters for which the Authority carries commercial insurance.

Note 8: Related Party

The Authority discusses and discloses known related party transactions during board meetings. In a prior year, the Authority had a change to their board composition, whereby a board member was released as a board member, but continued as Secretary/Treasurer. The board then decided to engage this person for legal representation services. For the current year, payment amounted to \$18,000 for the year.

Note 9: Subsequent Events

Subsequent events have been evaluated through December 31, 2021, which is the date the financial statements were available to be issued.

Required Supplementary Information

NEWTON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
Schedule of Revenues, Expenditures and Change in Fund Balance
General Fund - Budget (GAAP) and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Bond administration income	\$ 0	\$ 195,610	\$ 195,610	\$ -
Investment income	5,400	478	478	-
Intergovernmental revenue	497,000	480,000	480,000	-
Contributions and donations	-	-	6,000	6,000
Miscellaneous	3,000	56,928	96,928	40,000
Total revenues	<u>505,400</u>	<u>733,016</u>	<u>779,016</u>	<u>46,000</u>
EXPENDITURES				
Current:				
Housing and Development				
Economic Development	540,767	514,999	512,484	2,515
Total expenditures	<u>540,767</u>	<u>514,999</u>	<u>512,484</u>	<u>2,515</u>
Net change in fund balance	<u>(35,367)</u>	<u>218,017</u>	<u>266,532</u>	<u>48,515</u>
Fund balance, beginning	<u>1,026,582</u>	<u>1,026,582</u>	<u>1,026,582</u>	<u>-</u>
Fund balance, ending	<u>\$ 991,215</u>	<u>\$ 1,244,599</u>	<u>\$ 1,293,114</u>	<u>\$ 48,515</u>

Required Supplementary Information
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Related to the Budget to Actual Comparison

Basis of Presentation

The budget is prepared and adopted on a basis consistent with generally accepted account principles (GAAP).

Excess of Expenditure over Appropriation

No department had excess expenditures over appropriations for the year ended June 30, 2021.

Compliance Section

Treadwell, Tamplin & Co.

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

To the Board of Directors
Newton County Industrial Development Authority
Covington, Georgia

We have audited, 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, the financial statements of the governmental activities and each major fund of Newton County Industrial Development Authority (a component unit of Newton County, Georgia), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Newton County Industrial Development Authority's basic financial statements, and have issued our report thereon dated December 31, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 determination of financial statement amounts. 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*.

Response to Findings

The Authority's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Treadwell, Tamplin + Co.

Madison, Georgia
December 31, 2021

NEWTON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
Schedule of Findings and Responses
June 30, 2021

Material Weakness:

2021-001

Criteria: Expenditures and liabilities in governmental funds are recognized when the services are performed regardless of when the cash flow takes place.

Condition: Our audit procedures discovered that a payable had not been recorded in the Authority's recordkeeping. An audit adjustment was required to record the payable for the amounts due for various services performed and goods received prior to year-end. A material audit adjustment was required to record the payable.

Cause: Amounts due for services performed or goods received before year end were not included or not recorded as accounts payable accrual.

Effect: Expenditures and liabilities were understated by approximately \$50,000, thereby overstating net income.

Recommendation: We recommend that the Authority research and train on use of accounting software specifically the recording when costs are incurred of accounts payable (entering and paying of 'Bills') including the use of the credit card liability option.

Management response: Management concurs with the finding and will implement the suggested recommendation.

2021-002

Criteria: Costs related to issuance of revenue bonds (issuance costs) often paid directly by the bond agents should be recorded separately in the general ledger.

Condition: An audit adjustment was required in the Authority's accounting records to record the issuance costs as part of the total bond issue.

Cause: Issuance costs were paid directly by the bond agent before funds were deposited into the Authority's account, thereby missing recording in the accounting system.

Effect: Not all bond proceeds nor bond issuance costs were accounted for in the general ledger for approximately \$226,000, resulting in an overstatement of income.

Recommendation: We recommend that the Authority obtain more detailed training in the event of future revenue bond issues.

Management response: Management concurs with the finding and will implement the suggested recommendation.