

# **NAVARRO COUNTY, TEXAS**

## **Comprehensive Annual Financial Report**

**For The Year Ended  
September 30, 2017**

**County Auditor's Office**



*Navarro County Courthouse*

NAVARRO COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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*Navarro County Courthouse*

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## **INTRODUCTORY SECTION**



*Navarro County Courthouse*





**NAVARRO COUNTY AUDITOR'S OFFICE**

300 West 3<sup>rd</sup> Ave., Suite 4  
Corsicana, Texas 75110  
e-mail: auditor@navarrocounty.org

**Natalie Robinson**, First Assistant  
**Kaye Martin**, Assistant  
**Patty Wells**, Assistant  
**Lisa Clay**, Assistant  
**Jane Wise**, Administrative Asst.

Terri L. Gillen  
County Auditor

Phone: (903) 654-3095 Fax: (903) 654-3097

February 12, 2019

Honorable District Judge of Navarro County and  
Honorable Members of the Navarro County Commissioners' Court

The County Auditor's Office proudly presents the Comprehensive Annual Financial Report (CAFR) of Navarro County, Texas for the fiscal year ended September 30, 2017. This report is submitted in compliance with Section 114.025 of the *Texas Local Government Code*.

This report consists of management's representations concerning the finances of Navarro County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the County has established a comprehensive internal control framework that is designed to protect county assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the basic financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the basic financial statements will be free from material misstatement. Responsibility for internal controls is shared by the Commissioners Court, which is the governing body of the County, the County Auditor, who is appointed by the District Judge, and the County Treasurer. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Navarro County's basic financial statements have been audited by Pattillo, Brown and Hill, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County, for the fiscal year ended September 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used; and evaluating the overall financial statement presentation. The independent auditors' report is presented as the first component of this report.

The independent audit of the basic financial statements of Navarro County was part of a broader, federally mandated *Single Audit* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Compliance Section of the report.

Generally accepted accounting principles require a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The introduction includes this transmittal letter, the County's organizational chart and a list of principal officials. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Navarro County's MD&A can be found immediately following the report of the independent auditors in the Financial Section of this report. The financial section also includes government-wide financial statements, fund financial statement, notes, required supplementary information and the combining and individual fund financial statements and schedules in addition to the report of the independent auditors on the financial statements and schedules. The statistical section of this report includes selected financial and demographic information in accordance with GASB Statement No. 44. This information is generally presented on a multi-year basis.

## **PROFILE OF NAVARRO COUNTY**

Navarro County is located in north central Texas and is strategically central to the economic regions of Texas, Louisiana, Arkansas, Oklahoma and New Mexico, as well as centrally located within the United States. The county region was opened for settlement by the Mexican colonization laws and was included in an impresario grant to Thomas J. Chambers on September 23, 1834. The first Texas legislature created the County from Robertson County on March 30, 1846 and designated the town of Corsicana as a temporary seat of justice. The County's name honors Jose Antonio Navarro, a Texas patriot who chose the name Corsicana in honor of the Isle of Corsica, his father's birthplace. The County encompasses an area of 1,086 square miles. According to the 2010 Census, the estimated population for the County was 47,812.

The County is a public corporation and a political subdivision of the State of Texas. The Commissioners Court, which is composed of four Commissioners and the County Judge, is the general governing body of the County in accordance with Article 5 Paragraph 18 of the Texas Constitution. Commissioners serve four-year staggered terms; two members elected every two years. The County Judge is elected at large to serve a four-year term.

The Commissioners Court sets the tax rate, establishes policies for County operations, approves contracts for the County and develops and adopts the County budget within the resources as estimated by the County Judge as assisted by the County Auditor. The Commissioners Court is also responsible for developing policies and orders, approving financial commitments and appointing various department heads. The management and leadership provided by members of the Commissioners Court and the elected and appointed officials of other key County offices is crucial to the success of the County in financial management and growth.

The County Auditor has responsibilities for prescribing the systems and procedures for handling the finances of the County and "examining, auditing and approving" all disbursements from County funds prior to their submission to the Commissioners Court for approval.

The County provides many services not ordinarily provided by any other entity of government and provides additional services in cooperation with other local government units. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g., tax collection), judicial (e.g., courts, juries, district attorney, etc.), public safety (e.g., sheriff, jail, etc.), roads and highways and health and welfare (e.g., assistance to indigents).

The annual budget serves as the foundation for the County's planning and control. Budget hearings are posted annually in July, August and September, with the final budget approved by the Commissioners Court following the hearings. The final budget includes contingency and emergency reserve line items. Unencumbered appropriations lapse at fiscal year-end. Most appropriated budgets are prepared by fund, function, department and category. Capital expenditures are approved on a line item basis. Budget to actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted.

## **FACTORS AFFECTING FINANCIAL CONDITION**

An understanding of the financial condition of Navarro County is enhanced through a perspective of the environment in which the County operates.

**Local Economy** – Navarro County continues to grow with new retail/restaurant businesses located in Corsicana Crossing with Popeye’s Louisiana Kitchen, Ashley HomeStore, and the newly constructed Freedom Shooting Sports. The Downtown Historic District continues to grow with Timbers Coffee House and Gifts and with the construction of Citizens National Banks’ new facility.

Employment numbers continue to decline during 2017. The September 2017 unemployment rate for Navarro County was 3.5 percent, while the rate in September 2016 was 4.4 percent.

**Long-term Financial Planning** – The Commissioners Court continues to be very active in economic development to insure and promote continued growth throughout the County. Vigorous efforts to attract new industry to the area by the Navarro County Commissioners’ Court, City of Corsicana and the Corsicana-Navarro County Chamber of Commerce continue. Navarro County and the City of Corsicana share an Economic Development Director to oversee these efforts, and the prospect of continued growth in the local economy is very encouraging at this time.

Navarro County adopted the PACE Program, managed by the Texas PACE Authority which is 100% financing for energy and water efficiency improvements to industrial, commercial, multi-family residential, and non-profit buildings. PACE is essentially a long-term (typically 10-20 year), low-cost loan for such improvements as: HVAC modifications or replacement, light fixtures such as LED, Solar panels, High-efficiency windows or doors and energy-or water-efficient manufacturing processes and/or equipment.

**Major Initiatives** –The Texas Department of Transportation continue with the construction of additional lanes on Interstate 45 north of town. Also, construction of two additional lanes south of town ending at the Freestone County line. As well as the State Highway 31 Relief Route in Navarro County.

R. J. Liebe Athletic Company, the industry leading Athletic resources for more than 100 years, will move consolidated brands to Navarro County. The consolidated brands of R. J. Liebe Lettering Co., headquartered in Chesterfield, Missouri, will move to the extensively renovated facility of the former Hagggar garment factory location.

The company produces embroidered lettering for major league baseball, hockey, football and collegiate teams, and uniforms for major sport brands. Later expansion plans will include the manufacturing of custom athletic uniforms, premium cheer uniforms, dance gear, referee and umpire apparel and athletic lettering at this location.

In addition to utilizing current factory buildings, the company is adding between 60 and 80 jobs to the market and is working with Navarro College and the Texas Workforce Commission in establishing an on-site training program for employees.

## **AWARDS AND ACKNOWLEDGEMENTS**

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Navarro County, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This was the 24th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

I would like to express my appreciation to the staff of the County Auditor’s Office for their continuing diligence and dedication to the ever-changing responsibilities of the office. I would also like to thank the

District Judge and the Commissioners' Court of Navarro County for their leadership and support during the past year.

Sincerely,

*Terri L. Gillen*

Terri L. Gillen  
Navarro County Auditor



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Navarro County  
Texas**

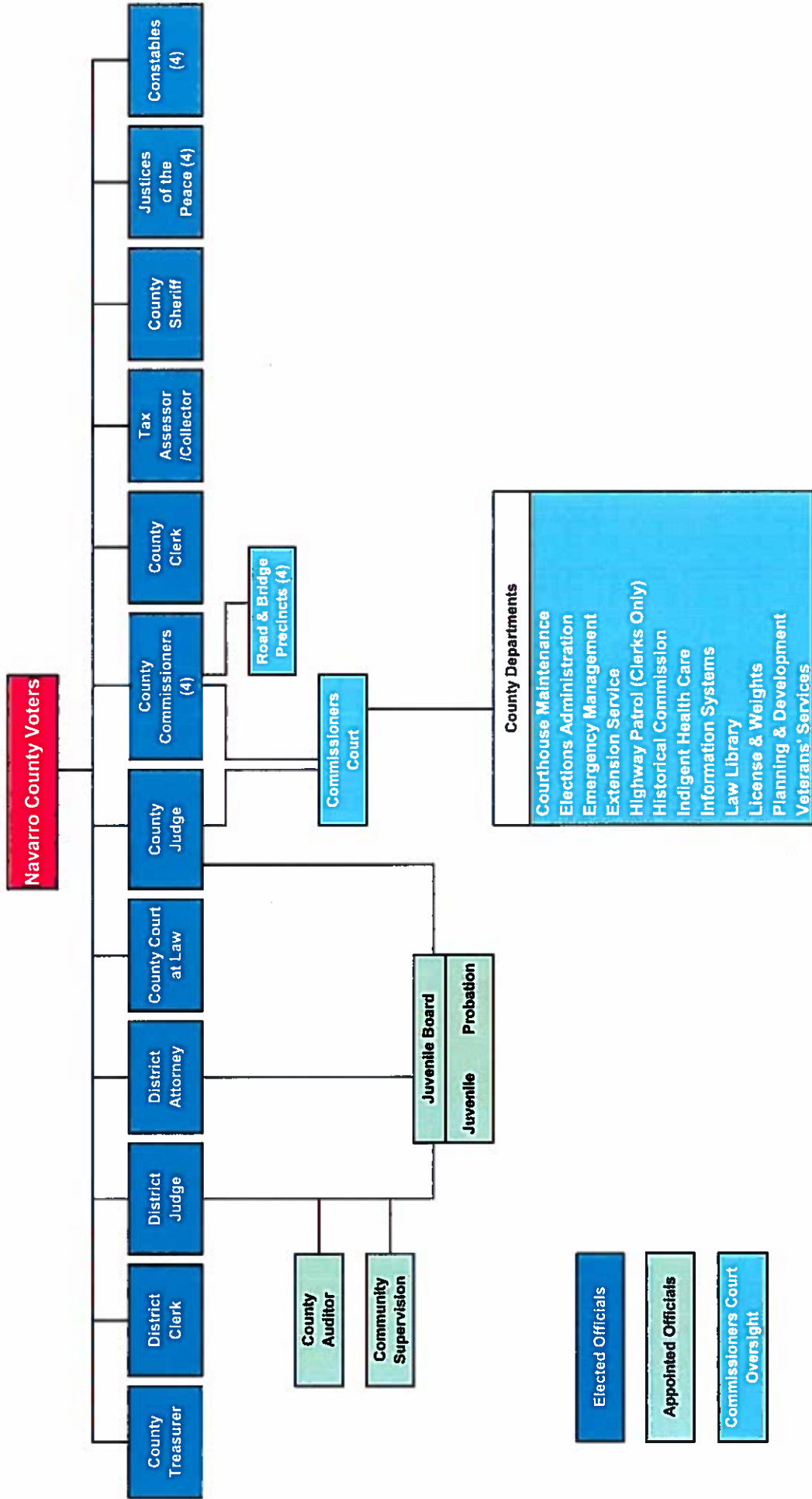
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

**NAVARRO COUNTY, TEXAS  
ORGANIZATIONAL CHART  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**



- Elected Officials**
- Appointed Officials**
- Commissioners Court Oversight**

**NAVARRO COUNTY, TEXAS**  
**PRINCIPAL OFFICIALS**  
**For the Year Ending September 30, 2017**

**Commissioners Court**

H. M. Davenport, Jr.  
Jason Grant  
Richard "Dick" Martin  
Eddie Moore  
James Olsen

County Judge  
Commissioner, Precinct 1  
Commissioner, Precinct 2  
Commissioner, Precinct 3  
Commissioner, Precinct 4

**Judicial**

James Lagomarsino  
Amanda Putman  
Greta Jordan  
Darrell Waller  
Jackie Freeland  
Connie Hickman

Judge, 13th Judicial District Court  
Judge, County Court at Law  
Justice of the Peace, Precinct 1  
Justice of the Peace, Precinct 2  
Justice of the Peace, Precinct 3  
Justice of the Peace, Precinct 4

**Law Enforcement**

Elmer Tanner  
R. Lowell Thompson  
Mike Davis  
David Foreman  
Bobby Rachel  
Kipp Thomas  
Chris Aldama \*  
Melanie Hyder \*

County Sheriff  
Criminal District Attorney  
Constable, Precinct 1  
Constable, Precinct 2  
Constable, Precinct 3  
Constable, Precinct 4  
Adult Probation Director  
Juvenile Probation Director

**Financial Administration**

Terri Gillen \*  
Ryan Douglas  
Mike Dowd

County Auditor  
County Treasurer  
County Tax Assessor-Collector

**Recording Officials**

Joshua Tackett  
Sherry Dowd

District Clerk  
County Clerk

\* Appointed officials. All others are elected



*Navajo County Courthouse*



## **FINANCIAL SECTION**



*Navarro County Courthouse*



PATILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Honorable Judge and  
Members of the Commissioners' Court  
Navarro County, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Navarro County, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise of Navarro County, Texas' basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Navarro County Texas' 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.

### *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 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 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 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, each major fund, and the aggregate remaining fund information of Navarro County, Texas, as of September 30, 2017, and the respective changes in financial position for the year then ended 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 the management's discussion and analysis, budgetary comparison information, pension schedules and OPEB schedule of funding progress on pages 4–12 and 44–49 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Navarro County, Texas' basic financial statements and the financial statements of each of Navarro County Texas' nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended September 30, 2017. The introductory section, combining and individual fund financial statements and schedules and statistical section, 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 them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2019, on our consideration of Navarro County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Navarro County, Texas' internal control over financial reporting and compliance.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
February 12, 2019



*Navarro County Courthouse*

**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**



*Navarro County Courthouse*



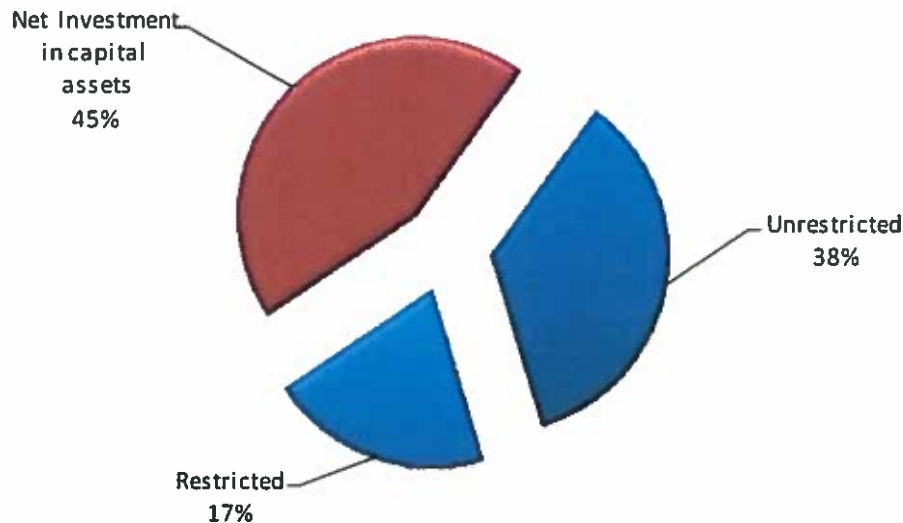
## MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of Navarro County, Texas, (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with the independent auditors' report on page 1 and the County's basic financial statements that begin on page 13.

### FINANCIAL HIGHLIGHTS

- The total government-wide assets and deferred outflows of resources of the County exceeded liabilities and deferred inflows of resources at the close of fiscal year 2017 by \$20,284,340 and is reported as total net position. Of this amount, \$7,157,731 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$4,119,555 is restricted for specific purposes (restricted net position) and \$9,007,054 is net investment in capital assets.

Net Position by Category



- In contrast to the government-wide financial statements, the fund statements report a combined fund balance at year-end of \$12,434,712 of which \$6,211,211 or 50% represents unassigned fund balances.
- At the end of the current fiscal year, the General Fund unassigned fund balance was \$6,211,211 or 30% of total General Fund expenditures.
- The County's long-term liability increased by \$646,604. This increase is primarily related to the purchase of capital assets through capital leases.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements. The single audit is included in this year's CAFR in the compliance section.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business. They present the financial picture of the County from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the County as well as all liabilities (including long-term debt).

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

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

The government-wide financial statements can be found on pages 13 – 14 of this report.

### Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 24 governmental funds, 20 Special Revenue Funds, 1 Debt Service Fund, 2 Capital Projects Funds and the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Projects Fund and HIDTA Fund. These funds are considered to be major funds. Data from the other 21 nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general fund, road and bridge funds, and certain other special revenue funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 15 – 18 of this report.

- **Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Navarro County’s own programs. The full accrual method of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. A description of all fiduciary funds held by the County can be found on page 19 of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements on pages 20 - 43 of this report.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County’s budgetary schedules for the General Fund. The County adopts an annual budget for this fund. A budgetary comparison schedule, which includes the original and final budget and actual figures, has been provided to demonstrate compliance with this budget. Required supplementary information can be found on pages 44 - 49 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 50 - 57 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the County’s financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20,284,340 as of September 30, 2017, a decrease of (\$2,577,292) as compared with the previous fiscal year.

The County's net position for the current fiscal year (35%) is made up of unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. The largest portion of the County's net position is investments in capital assets (e.g. land, buildings and improvements, and machinery and equipment and infrastructure) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Position:

### NAVARRO COUNTY'S NET POSITION

	Governmental Activities	
	2017	2016
Current and other assets	\$ 14,798,939	\$ 17,452,466
Capital assets	<u>17,595,955</u>	<u>17,392,311</u>
Total assets	<u>32,394,894</u>	<u>34,844,777</u>
Deferred outflows of resources	<u>4,549,818</u>	<u>5,380,652</u>
Total deferred outflows of resources	<u>4,549,818</u>	<u>5,380,652</u>
Current and other liabilities	884,280	2,447,356
Long-term liabilities	<u>14,920,813</u>	<u>14,274,209</u>
Total liabilities	<u>15,805,093</u>	<u>16,721,565</u>
Deferred inflows of resources	<u>855,279</u>	<u>642,232</u>
Total deferred inflows of resources	<u>855,279</u>	<u>642,232</u>
Net position:		
Net investment		
in capital assets	9,007,054	9,278,430
Restricted	4,119,555	5,803,287
Unrestricted	<u>7,157,731</u>	<u>7,779,915</u>
Total net position	<u>\$ 20,284,340</u>	<u>\$ 22,861,632</u>

Assets as of September 30, 2017, reflect a decrease of (\$2,449,883), (7%) over assets at the end of fiscal year 2016. Cash and investments increased by \$3,716,598 (27%) as compared to the previous year. The increase in cash and investments is the result of the County collecting grant receivables. Total assets increased as a result of grants and contributions being received. Of Navarro County's total assets, the largest components are 1) cash and investments of \$11,854,038, (37%), 2) property taxes receivable of \$1,285,071, (4%), 3) due from other governments of \$865,257 (3%) and 4) capital assets of \$17,595,955, (54%). Capital assets are non-liquid assets and cannot be utilized to satisfy County obligations.

Total liabilities decreased (\$916,472), (5%) in comparison with fiscal year 2016 due the decrease in current payables related to projects in the prior year. Navarro County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20,284,340 at the close of the fiscal year. Of this amount, \$4,119,555, (20%) represents *restricted net position* which represents resources that are subject to external restrictions on how they may be used. Restrictions include statutory requirements, bond covenants and grant conditions. Another portion of the County's net position, \$9,007,054, (44%) reflects its *net investment in capital assets* (e.g., land, buildings, machinery and equipment and infrastructure). The other significant portion of the County's net position for the current fiscal year in the amount of \$7,157,731, (35%) represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors.

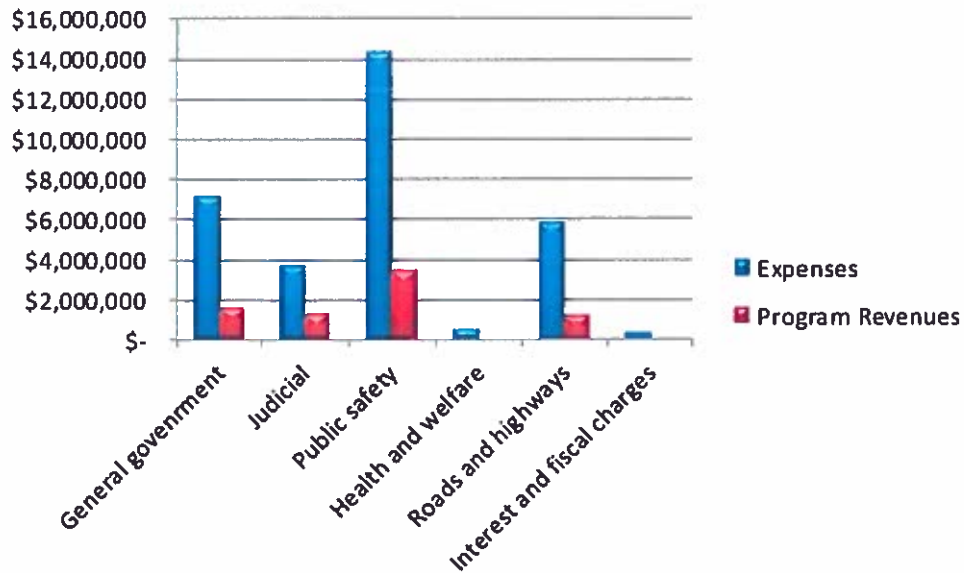
At the end of the current fiscal year, the County reported positive net position in all three categories of net position for its governmental activities.

**Governmental Activities.** Governmental activities decreased the County's net position by (\$2,577,292) during the current fiscal year. A key element of this decrease includes the expending of FEMA funds deemed as small projects.

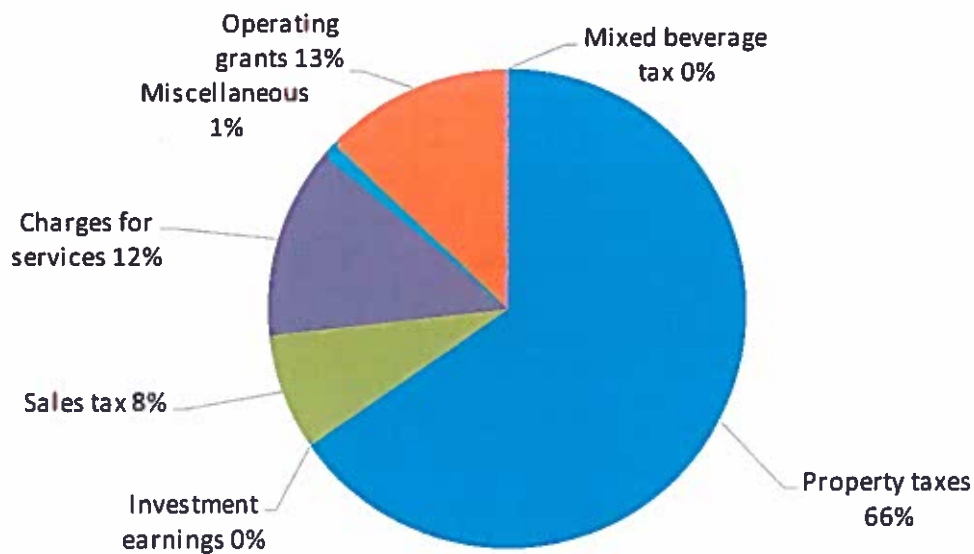
#### NAVARRO COUNTY'S CHANGES IN NET POSITION

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 3,884,217	\$ 4,022,610
Operating grants and contributions	3,721,451	7,351,399
Capital grants and contributions	-	899,939
General revenues:		
Property taxes	18,883,935	18,572,564
Sales tax	2,413,970	2,318,730
Taxes from the sale of alcohol	39,561	54,841
Interest on investments	102,379	74,715
Miscellaneous	151,986	103,507
Total revenues	29,197,499	33,398,305
Expenses:		
General government	7,163,449	7,647,872
Judicial	3,644,029	3,248,964
Public safety	14,330,396	13,370,878
Health and welfare	500,000	503,212
Roads and highways	5,827,624	7,592,634
Interest and other charges on		
long-term debt	309,293	287,545
Total expenses	31,774,791	32,651,105
Change in net position	( 2,577,292)	747,200
Net position, beginning	22,861,632	22,114,432
Net position, ending	\$ 20,284,340	\$ 22,861,632

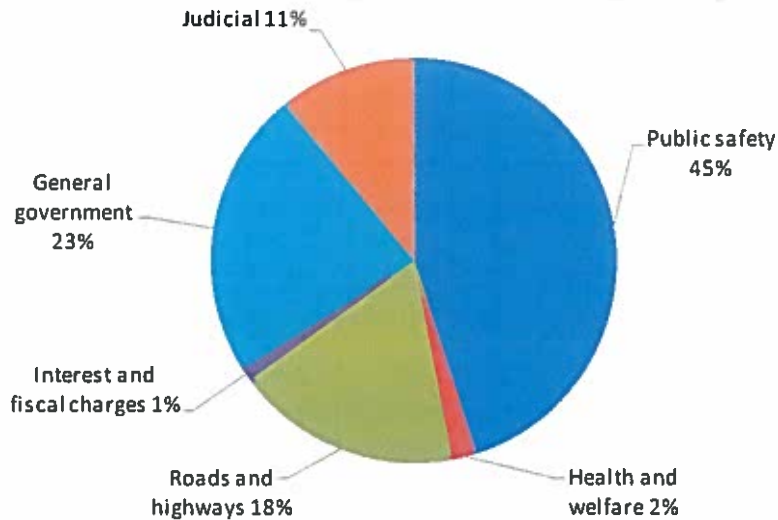
Charges for services decreased (\$138,393) (3%) due to less commissions received by the tax assessor collector. Operating grants and contributions decreased by \$3,629,948 (49%), property taxes increased by \$311,371 (2%) and sales tax revenue increased by \$95,240 (4%), resulting in a decrease in total revenues of (\$4,200,806) (13%). The increase in property taxes is the result of an increase in the taxable value of property in Navarro County, and the decrease in operating grants and contributions relates to FEMA resources received in the prior year not received in 2017.



**Revenues by Source – Governmental Activities**



### Expenses by Function – Governmental Activities



### FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

#### Governmental Funds

The focus on the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2017, the County's governmental funds reported combined ending fund balances of \$12,434,712 a decrease of \$307,442 in comparison with the prior year. Approximately \$6,211,211 (50%) of the combined fund balances constitutes unassigned fund balance, which is available to meet the County's current and future needs. The remainder of fund balance is unspendable, restricted or committed to indicate that it is not available for new spending because it has been committed to pay flood control (\$954,074), road and bridge (\$1,802,080), public safety (\$695,379), records management and preservation (\$308,613), court security and technology (\$74,906) debt service (\$133,507), Capital Projects (\$8,220), prepaid items (\$55,666), and subsequent year's budget (\$2,191,056).

The General Fund is the chief operating fund of Navarro County. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$6,211,211, while total fund balance reached \$8,454,148. The fund balance of the County's General Fund decreased (\$471,126) during the current fiscal year. Key factors in this decline include an increase in expenditures due to the additional facilities housing the county offices during the courthouse restoration project.

The HIDTA (North Texas High Intensity Drug Trafficking) Fund, has no fund balance because it is funded entirely by intergovernmental revenue on a reimbursement basis.



A major capital projects fund includes the activity for the courthouse restoration project that is funded with bond proceeds and a state grant. Fund balance increased by \$1,051,524 to \$8,220 at year end due to courthouse restoration grant funds received in the current year, and a transfer from the courthouse restoration donations fund.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The differences between the original expenditure budget and the final amended budget of the General Fund were the addition of new, full-time security guards for the County Annex and Courthouse, the increase in housing of Class C prisoners in the county jail and the final offices moving back into the renovated courthouse.

During the year, budgetary estimates were exceeded by actual revenues by \$811,343. Actual expenditures were less than budgetary estimates by \$559,236. The net effect of over-realization of revenue and under-utilization of appropriations resulted in a positive variance of \$1,370,579.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

Navarro County’s investment in capital assets for its governmental type activities as of September 30, 2017, amounts to \$17,595,955 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

**NAVARRO COUNTY’S CAPITAL ASSETS**

	Governmental Activities	
	2017	2016
Land	\$ 1,240,126	\$ 1,240,126
Construction in progress	7,967,664	7,883,529
Buildings and improvements	3,022,215	3,280,781
Machinery and equipment	4,053,840	3,350,796
Infrastructure	<u>1,312,110</u>	<u>1,637,079</u>
Total capital assets	<u>\$ 17,595,955</u>	<u>\$ 17,392,311</u>

Major capital asset events during the current fiscal year included:

- The purchase of various vehicles and equipment at a total cost of \$1,581,338.
- The improvement of various buildings at a total cost of \$183,654.
- Restoration of the courthouse using grant funds at total cost of \$84,135.

Additional information regarding the County’s capital assets can be found in Note II, C on page 31 – 32 of this report.



**Long-term Debt.** At September 30, 2017, the County had total long-term debt outstanding of \$14,920,813. The County's bonded debt carries a rating of "A1" from Moody's Investor Services.

**NAVARRO COUNTY'S OUTSTANDING DEBT AT YEAR-END**

	Governmental Activities	
	2017	2016
General obligation bonds	\$ 6,970,000	\$ 7,245,000
Capital leases	1,627,121	868,881
Compensated absences	208,179	195,777
Net pension liability	5,709,356	5,610,232
OPEB obligation	406,157	354,319
	\$ 14,920,813	\$ 14,274,209

The net amount of general obligation bonds and capital leases increased by \$483,240, this increase is a result of an increase in capital leases in the amount of \$1,149,854, coupled with long-term debt payments. Additional information on Navarro County's long-term debt can be found in Note II, F on pages 32 - 35 of this report.

County officials and investors will find the ratio of net general bonded debt outstanding and the amount of bonded debt per capita as useful indicators of the County's debt position. These indicators are shown in the statistical section (unaudited) of this report on pages 90 - 91.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Commissioners' Court adopted the County's budget for the fiscal year ended September 30, 2018, on September 29, 2017. The budget was adopted based on estimated balances that would be available at the end of fiscal year 2017 and estimated revenues to be received in fiscal year 2018. The total available resources for all funds for fiscal year 2018 are \$12,568,752. For the County's General Fund, the 2018 budget utilizes \$2,191,056 of available funds.

The 2017 property tax rate was \$0.6270/\$100 valuation, the same rate as the previous year. As a result of a 5.33% increase in taxable value, the County expects tax revenue collected during fiscal year 2018 to increase 6.18% from projected collections for fiscal year 2017. Additionally, the County's budget anticipates all other sources of revenue will remain at approximately the same levels as fiscal year 2017.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor's office, 601 North 13<sup>th</sup> Street, Suite 6, Corsicana, Texas 75110.



*Navarro County Courthouse*

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**BASIC  
FINANCIAL STATEMENTS**



*Navarra County Courthouse*

**NAVARRO COUNTY, TEXAS**

**STATEMENT OF NET POSITION**

**SEPTEMBER 30, 2017**

**ASSETS**

Cash	\$ 10,491,104
Investments	1,362,934
Accounts receivable, net	738,907
Property taxes receivable, net	1,285,071
Due from other governments	865,257
Prepaid items	55,666
Capital assets, net:	
Nondepreciable	9,207,790
Depreciable	<u>8,388,165</u>
Total assets	<u>32,394,894</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to pensions	<u>4,549,818</u>
Total deferred outflows of resources	<u>4,549,818</u>

**LIABILITIES**

Accounts payable	830,420
Accrued liabilities	2,580
Due to other governments	5,133
Accrued interest	46,147
Noncurrent liabilities:	
Due within one year	619,722
Due in more than one year	<u>14,301,091</u>
Total liabilities	<u>15,805,093</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to pensions	<u>855,279</u>
Total deferred inflows of resources	<u>855,279</u>

**NET POSITION**

Net investment in capital assets	9,007,054
Restricted for:	
Flood protection projects	967,194
Repairs and construction of roads and bridges	1,956,624
Law enforcement	695,379
Records management and preservation	308,613
Court security and technology	74,906
Debt service	116,839
Unrestricted	<u>7,157,731</u>
Total net position	<u>\$ 20,284,340</u>

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



*Navarre County Courthouse*

**NAVARRO COUNTY, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Fines, Fees, and Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Governmental Activities
<b>Primary government</b>				
Governmental activities:				
General government	\$ 7,163,449	\$ 1,500,684	\$ 90,001	\$ ( 5,572,764)
Judicial	3,644,029	1,118,802	220,790	( 2,304,437)
Public safety	14,330,396	423,771	3,029,156	( 10,877,469)
Health and welfare	500,000	-	-	( 500,000)
Roads and highways	5,827,624	840,960	381,504	( 4,605,160)
Interest and other charges on long-term debt	309,293	-	-	( 309,293)
Total governmental activities	<u>31,774,791</u>	<u>3,884,217</u>	<u>3,721,451</u>	<u>( 24,169,123)</u>
Total primary government	<u>\$ 31,774,791</u>	<u>\$ 3,884,217</u>	<u>\$ 3,721,451</u>	<u>( 24,169,123)</u>
General revenues:				
Taxes:				
Property				18,883,935
Sales				2,413,970
Mixed beverage				39,561
Interest on investments				102,379
Miscellaneous				<u>151,986</u>
Total general revenues				<u>21,591,831</u>
Change in net position				<u>( 2,577,292)</u>
Net position, beginning				<u>22,861,632</u>
Net position, ending				<u>\$ 20,284,340</u>

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

**NAVARRO COUNTY, TEXAS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2017**

	General	HIDTA	Capital Projects	Other Governmental Funds	Total
<b>ASSETS</b>					
Cash	\$ 6,067,188	\$ 207,068	\$ 114,317	\$ 4,102,531	\$ 10,491,104
Investments	837,314	-	10,296	515,324	1,362,934
Accounts receivable, net	591,390	-	-	147,517	738,907
Property taxes receivable, net	1,010,535	-	-	274,536	1,285,071
Due from other governments	480,509	238,670	-	146,078	865,257
Prepaid items	51,881	-	-	3,785	55,666
Due from other funds	1,448,441	-	-	87,706	1,536,147
<b>Total assets</b>	<u>10,487,258</u>	<u>445,738</u>	<u>124,613</u>	<u>5,277,477</u>	<u>16,335,086</u>
<b>LIABILITIES</b>					
Accounts payable	609,482	35,734	31,690	153,514	830,420
Accrued liabilities	1,838	-	-	742	2,580
Due to other governments	5,133	-	-	-	5,133
Due to other funds	87,706	410,004	84,703	953,734	1,536,147
<b>Total liabilities</b>	<u>704,159</u>	<u>445,738</u>	<u>116,393</u>	<u>1,107,990</u>	<u>2,374,280</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	1,328,951	-	-	197,143	1,526,094
<b>Total deferred inflows of resources</b>	<u>1,328,951</u>	<u>-</u>	<u>-</u>	<u>197,143</u>	<u>1,526,094</u>
<b>FUND BALANCES</b>					
Nonspendable-prepaid items	51,881	-	-	3,785	55,666
Restricted for:					
Flood protection projects	-	-	-	954,074	954,074
Repairs and construction of roads and bridges	-	-	-	1,802,080	1,802,080
Law enforcement	-	-	-	695,379	695,379
Records management and preservation	-	-	-	308,613	308,613
Court security and technology	-	-	-	74,906	74,906
Debt service	-	-	-	133,507	133,507
Capital projects - courthouse restoration	-	-	8,220	-	8,220
Committed for subsequent year's budget	2,191,056	-	-	-	2,191,056
Unassigned	6,211,211	-	-	-	6,211,211
<b>Total fund balances</b>	<u>8,454,148</u>	<u>-</u>	<u>8,220</u>	<u>3,972,344</u>	<u>12,434,712</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 10,487,258</u>	<u>\$ 445,738</u>	<u>\$ 124,613</u>	<u>\$ 5,277,477</u>	<u>\$ 16,335,086</u>

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



**NAVARRO COUNTY, TEXAS**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

**SEPTEMBER 30, 2017**

Total fund balances - governmental funds balance sheet \$ 12,434,712

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 17,595,955

Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized in the statement of net position.

Accrued interest	\$( 46,147)	
Bonds payable	( 6,970,000)	
Capital leases payable	( 1,627,121)	
Compensated absences	( 208,179)	
Deferred outflow related to pensions	4,549,818	
Deferred inflow related to pensions	( 855,279)	
Net pension liability	( 5,709,356)	
Net OPEB obligation	<u>( 406,157)</u>	
Total long-term liabilities		( 11,272,421)

Long-term assets are not available to pay for current period expenditures and, therefore are not reported in the funds.

Fines and court costs	513,474	
Property taxes	<u>1,012,620</u>	
Total long-term assets		<u>1,526,094</u>

Net position of governmental activities \$ 20,284,340

**NAVARRO COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	General	HIDTA	Capital Projects	Other Governmental Funds	Total Governmental
<b>REVENUES</b>					
Property taxes	\$ 14,814,173	\$ -	\$ -	\$ 4,122,725	\$ 18,936,898
Sales and other taxes	2,453,531	-	-	-	2,453,531
Intergovernmental	498,432	2,771,711	749,308	223,236	4,242,687
License and permits	-	-	-	840,960	840,960
Fees of office	1,711,505	-	-	374,216	2,085,721
Fines and forfeitures	621,792	-	-	460,940	1,082,732
Interest on investments	81,516	-	935	19,928	102,379
Other	219,410	-	-	7,505	226,915
Total revenues	<u>20,400,359</u>	<u>2,771,711</u>	<u>750,243</u>	<u>6,049,510</u>	<u>29,971,823</u>
<b>EXPENDITURES</b>					
Current:					
General government	6,017,158	-	34,965	354,464	6,406,587
Judicial	3,311,028	-	-	134,282	3,445,310
Public safety	10,222,346	2,767,602	-	-	12,989,948
Health and welfare	500,000	-	-	-	500,000
Roads and highways	-	-	-	5,064,510	5,064,510
Debt service:					
Principal	-	-	-	666,614	666,614
Interest and other	-	-	-	300,608	300,608
Capital outlay	498,204	4,109	84,135	1,224,135	1,810,583
Intergovernmental:					
Tax increment reinvestment	323,222	-	-	26,056	349,278
Total expenditures	<u>20,871,958</u>	<u>2,771,711</u>	<u>119,100</u>	<u>7,770,669</u>	<u>31,533,438</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 471,599)</u>	<u>-</u>	<u>631,143</u>	<u>( 1,721,159)</u>	<u>( 1,561,615)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	420,381	-	420,381
Transfers out	-	-	-	( 420,381)	( 420,381)
Sale of capital assets	473	-	-	103,846	104,319
Total other financing sources and uses	<u>473</u>	<u>-</u>	<u>420,381</u>	<u>833,319</u>	<u>1,254,173</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 471,126)</u>	<u>-</u>	<u>1,051,524</u>	<u>( 887,840)</u>	<u>( 307,442)</u>
<b>FUND BALANCES, BEGINNING</b>	<u>8,925,274</u>	<u>-</u>	<u>( 1,043,304)</u>	<u>4,860,184</u>	<u>12,742,154</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 8,454,148</u>	<u>\$ -</u>	<u>\$ 8,220</u>	<u>\$ 3,972,344</u>	<u>\$ 12,434,712</u>

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

**NAVARRO COUNTY, TEXAS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

Net change in fund balances - total governmental funds \$( 307,442)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 1,849,127	
Retirement of capital assets	( 253,000)	
Depreciation expense	<u>( 1,392,483)</u>	
Net adjustment		203,644

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Repayments:		
Certificates of obligation	275,000	
Capital lease	<u>391,614</u>	
Net adjustment		666,614

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Accounts receivable:		
Fines and court costs	27,947	
Grants	( 749,308)	
Property taxes	<u>( 52,963)</u>	
Net adjustment		( 774,324)

The issuance of long-term debt (e.g., capital leases) provides current financial resources ( 1,149,854)

Under the modified accrual basis of accounting used in the governmental funds,

Interest on long-term debt	( 8,685)	
Compensated absences	( 12,402)	
OPEB cost	( 51,838)	
Pension cost	<u>( 1,143,005)</u>	
Net adjustment		<u>( 1,215,930)</u>

Change in net position of governmental activities \$( 2,577,292)

**NAVARRO COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**SEPTEMBER 30, 2017**

<b>ASSETS</b>	
Cash	\$ 4,568,752
Investments	<u>501,744</u>
Total assets	<u>5,070,496</u>
<b>LIABILITIES</b>	
Due to others	<u>5,070,496</u>
Total liabilities	<u>\$ 5,070,496</u>

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

# NAVARRO COUNTY, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to the accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in Governmental Accounting and Financial Reporting Standards. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

#### A. Reporting Entity

Navarro County is a public corporation and a political subdivision of the State of Texas. The Commissioners Court, which is composed of four commissioners and the County Judge, is the governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g., tax collection), judicial (e.g., courts, juries, district attorney, etc.) public safety (e.g., sheriff, jail, etc.), roads and highways and health and welfare (e.g., assistance to indigents).

A financial reporting entity consists of the primary government and its component units. Component units are legally separate organizations for which the elected officials of the County are financially accountable, or the relationship to the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the County's operations and so data from these units are combined with data of the County. Each discretely presented component unit on the other hand, is reported in a separate column under component unit on the government-wide statements to emphasize that it is legally separate from the primary government.

No component units are reported in this financial report for the fiscal year ended September 30, 2017.

## **B. Government-wide and Fund Financial Statements**

The government-wide statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions.

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

Separate fund financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statement. The General Fund, the HIDTA Grant Fund, and the Capital Projects Fund meet criteria as major governmental funds. Each major fund is reported as a separate column in the fund financial statements. Nonmajor funds include other Special Revenue and Debt Service funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented within combining and individual fund statements and schedules.

## **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the fiscal year for which the taxes are levied. Major revenue types that have been accrued are district clerk and county clerk fees, justice of the peace fees, intergovernmental revenues and charges for services. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements 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 County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. 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.

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

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.

The *HIDTA Grant Fund* accounts for all activities related to the North Texas High Intensity Drug Trafficking Area (HIDTA) through a grant from the Federal Office of National Control Policy. The purpose of this grant is to provide resources to help federal, state and local law enforcement organizations invest in infrastructure and joint initiatives to confront drug-trafficking organizations in North Texas.

The *Capital Projects Fund* is used to account for expenditures for renovation of the historic courthouse structure.

Additionally, the County reports Fiduciary funds in the form of Agency funds. These funds account for monies held for others and then it is disbursed to the appropriate group or held in a custodial capacity. These resources include funds for individuals in accordance with court decrees by the County or District Clerk, other taxing entities within the County, and the State of Texas. Fiduciary Fund Financial Statements include a Statement of Net Position. The County's Fiduciary funds represent Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on the accrual basis of accounting. Accordingly, all assets and liabilities are included on the Statement of Net Position. Because the assets are held in an agent capacity and are not available to support County programs, these funds are not included in the government-wide statements.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance**

***1. Deposits and Investments***

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the County to invest in bank certificates of deposit, obligations of the United States or its agencies, obligations of the State of Texas, obligations of other political subdivisions having at least an "A" credit rating, commercial paper, repurchase agreements and local government investment pools.

Investments in government pools are recorded at amortized cost. All other investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. All investment income is recognized as revenue in the appropriate fund's statement of activity and or statement of revenues, expenditures and changes in fund balance.

***2. Receivables and Payables***

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to" or "due from" other funds. Interfund activity reflected in "due to" or "due from" other funds is eliminated in the government-wide statements.

Property taxes are levied based on taxable value at the prior January 1 and become due on October 1 of the year in which assessed. Taxes are due and payable, without penalty or interest, from October 1 of the year in which levied until January 31 of the following year. Accordingly, receivables and revenues for property taxes are reflected in the government-wide statements based on the full accrual method of accounting. Property tax receivables for the prior year's levy are shown net of an allowance for uncollectible amounts.

Accounts receivables from other governments include amounts due from grantor agencies for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

***3. Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The County records prepaid items using the consumption method.



#### 4. *Capital Assets*

Capital assets, which include land, buildings and improvements, machinery and equipment, and infrastructure assets (e.g., roads and bridges), are reported in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure assets include County-owned roads and bridges.

In the case of the initial capitalization of infrastructure assets, the County chose to include all such items regardless of their acquisition date or amount. The County was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the County constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and recorded at historical cost. The reported cost excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Infrastructure	25
Furniture and fixtures	10
Trucks	10
General equipment	5
Computer hardware	5
Cars	5

#### 5. *Compensated Absences*

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County.

The County has recognized a liability for accumulated vacation leave where the employees' rights to receive benefits are attributable to services already rendered and it is probable that the County will compensate the employees through either paid time off or cash payments at termination.

Vacation pay is accrued when incurred in the government-wide financial statements. A liability for this amount is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## **6. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category:

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category:

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

## 8. *Fund Balance*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by resolution of Commissioners' Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent is determined by Commissioners' Court.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

## ***9. Net Position***

Net position represents the difference between assets, deferred inflows/outflows of resources, and liabilities. Net position investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

## ***10. Pensions***

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

## ***11. Estimates***

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

## II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### A. Cash and Investments

As of September 30, 2017, the County had investments in TexPool Prime with a weighted average maturity of 51 days in the amount of \$1,865,678.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

The County's investment pools represent investments in TexPool Prime, investment pools for state and local governments in Texas. The State Comptroller of Public Accounts exercises oversight responsibilities over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an Advisory Board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as the office of the Comptroller of Public Accounts for review. TexPool uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value is the same as the value of shares.

TexPool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemption in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

***Interest Rate Risk*** – In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the average dollar weighted maturity of its investment portfolios to a maximum of 270 days.

***Custodial Credit Risk*** – In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2017, the County’s deposit balance was collateralized with securities held by the pledging financial institution in the County’s name or by FDIC insurance.

***Credit Risk*** – It is the County’s policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization.

## **B. Property Taxes and Other Receivables**

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Property taxes are levied by October 1 of the year in which assessed, or as soon thereafter as practicable. Taxes are due and payable, without penalty or interest, from October 1 of the year in which levied until January 31 of the following year. Taxes become delinquent February 1 of each year and are subject to simple interest and penalty of 7% in February, 9% in March, 11% in April, 13% in May, 15% in June, 18% in July and interest continues to accrue at 1% per month.

The County’s taxes on real property are a lien against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. The exception is homestead property belonging to persons 65 years of age or older who file for deferral or abatement. The County does make considerable effort to collect delinquent taxes before foreclosure proceedings. Delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title of the property.

Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes became delinquent. Unlike real property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

Collections of the property taxes and subsequent remittances to the proper entities are accounted for in the Tax Assessor and Collector’s Agency Fund. Tax collections deposited for the County are distributed to the General, Road and Bridge, Flood Control and Debt Service Funds of the County. This distribution is based on the tax rate established for each fund by order of the Commissioners Court for the tax year for which the collections are made.

The County participates in Tax Increment Finance (TIF) Districts. When a TIF District is created, with the approval of all participating governmental entities, the property included in the District has its assessed valuation frozen at that time for the duration of the District. As projects are developed, increasing the assessed valuation of the property, the incremental increases are returned to the entity which initially financed the improvements, i.e., County contribution, County bond funds or developer advances.

The following is a summary by fund of delinquent taxes receivable at September 30, 2017.

Property taxes receivable:	
General fund	\$ 1,088,846
Road and bridge funds	231,999
Debt service fund	44,160
Flood control fund	19,654
Less: allowance for uncollectibles	<u>( 99,588)</u>
	<u>\$ 1,285,071</u>

Article VIII, Section 9 of the Texas Constitution imposes a limit of \$0.80 per \$100 assessed valuation for general governmental services, including the payment of premium and interest on general obligation long-term debt in the Jury, General, Permanent Improvement and Road and Bridge Funds. In addition, a Special Road Tax of \$0.15 per \$100 valuation has been authorized by Article 6790, VACS, and a Farm-to-Market and Lateral Road Tax of \$0.30 per \$100 valuation has been authorized by Article 7048a, VACS; however, of a total tax rate of \$1.25 authorized for the County, only \$0.6270 was levied for the 2016 tax roll.

Receivables at year-end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Miscellaneous	\$ 78,246	\$ 147,517	\$ 225,763
Court fines	<u>25,657,189</u>	<u>-</u>	<u>25,657,189</u>
	<u>25,735,435</u>	<u>147,517</u>	<u>25,882,952</u>
Less: allowance for uncollectibles	<u>( 25,144,045)</u>	<u>-</u>	<u>( 25,144,045)</u>
Total	<u>\$ 591,390</u>	<u>\$ 147,517</u>	<u>\$ 738,907</u>

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred inflows of resources* reported in the governmental funds were as follows:

General fund	
Delinquent property taxes	\$ 843,424
Court fines	<u>485,527</u>
Total general fund	<u>1,328,951</u>
Nonmajor governmental funds	
Delinquent property taxes	<u>197,143</u>
Total nonmajor governmental funds	<u>197,143</u>
Total governmental funds	<u>\$ 1,526,094</u>

### C. Capital Assets

Capital assets activity for the year ended September 30, 2017, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,240,126	\$ -	\$ -	\$ 1,240,126
Buildings and improvements	<u>7,883,529</u>	<u>84,135</u>	<u>-</u>	<u>7,967,664</u>
Total assets not being depreciated	<u>9,123,655</u>	<u>84,135</u>	<u>-</u>	<u>9,207,790</u>
Capital assets, being depreciated:				
Buildings and improvements	13,941,128	183,654	-	14,124,782
Machinery and equipment	<u>10,377,442</u>	<u>1,581,338</u>	<u>835,154</u>	<u>11,123,626</u>
Infrastructure	<u>24,834,278</u>	<u>-</u>	<u>-</u>	<u>24,834,278</u>
Total capital assets being depreciated	<u>49,152,848</u>	<u>1,764,992</u>	<u>835,154</u>	<u>50,082,686</u>
Less accumulated depreciation:				
Buildings and improvements	( 10,660,347)	( 442,220)	-	( 11,102,567)
Machinery and equipment	( 7,026,646)	( 625,294)	( 582,154)	( 7,069,786)
Infrastructure	<u>( 23,197,199)</u>	<u>( 324,969)</u>	<u>-</u>	<u>( 23,522,168)</u>
Total accumulated depreciation	<u>( 40,884,192)</u>	<u>( 1,392,483)</u>	<u>( 582,154)</u>	<u>( 41,694,521)</u>
Total capital assets being depreciated, net	<u>8,268,656</u>	<u>372,509</u>	<u>253,000</u>	<u>8,388,165</u>
Governmental activities capital assets, net	<u>\$ 17,392,311</u>	<u>\$ 456,644</u>	<u>\$ 253,000</u>	<u>\$ 17,595,955</u>



Depreciation expense for fiscal year 2017 was charged to functions and programs of the County as follows:

General government	\$ 78,124
Public safety	700,722
Roads and highways	<u>613,637</u>
	<u>\$ 1,392,483</u>

**D. Interfund Receivables and Payables, and Activity**

In the fund financial statements, interfund balances are the result of normal transactions between funds that will be liquidated in the subsequent fiscal year. The following is a summary of amounts due from and due to other funds:

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	HIDTA	\$ 410,004
General	Nonmajor governmental	953,734
General	Capital projects	84,703
Nonmajor governmental	General	<u>87,706</u>
		<u>\$ 1,536,147</u>

Expenditures incurred for the HIDTA grant program are paid by the General Fund and reimbursed by the granting agency. As a result, appropriate interfund balance entries are recorded to reflect these activities. The interfund balance between the General Fund and Nonmajor governmental funds resulted from the time lag between the dates that payments between funds were made.

During the year the Courthouse Restoration (nonmajor) fund transferred \$420,381 to fund expenditures for the Courthouse Restoration project in the Capital Projects Fund.

**E. Long-term Debt**

General obligation bonds are direct obligations and pledge the full faith and credit of the County. The bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Courthouse restoration	3.7%	\$ 6,970,000

Annual debt service requirements to maturity for the refunding bonds are as follows:

<u>Year Ending September 30.</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 290,000	\$ 252,525	\$ 542,525
2019	310,000	241,425	551,425
2020	320,000	229,770	549,770
2021	335,000	217,653	552,653
2022	350,000	204,980	554,980
2023-2027	1,950,000	817,700	2,767,700
2028-2032	2,345,000	421,337	2,766,337
2033-2037	<u>1,070,000</u>	<u>39,960</u>	<u>1,109,960</u>
<b>Total</b>	<b><u>\$ 6,970,000</u></b>	<b><u>\$ 2,425,350</u></b>	<b><u>\$ 9,395,350</u></b>

Capital lease obligations as of September 30, 2017, are composed of the following individual issues:

Equipment lease with the original principal amount of \$190,194; payable in monthly installments of \$5,499, including principal and interest at 2.61%, due April 24, 2019; secured by one Caterpillar motor grader purchased during fiscal year 2013.	\$ 41,488
Equipment lease with the original principal amount of \$225,590; payable in monthly installments of \$4,061, including principal and interest at 2.67%, due October 15, 2018; secured by one John Deere tractor mower purchased during fiscal year 2013.	51,682
Equipment lease with the original principal amount of \$236,045; payable in monthly installments of \$3,585, including principal and interest at 2.99%, due December 19, 2019; secured by one John Deere dump truck purchased during fiscal year 2014.	93,262
Equipment lease with the original principal amount of \$131,807; payable in monthly installments of \$2,354, including principal and interest at 2.75%, due April 15, 2017; secured by a John Deere Tractor/Mower purchased during fiscal year 2015.	65,941
Equipment lease with the original principal amount of \$134,250; payable in three yearly installments of \$11,122 and a final lump sum payment of \$110,000, including principal and interest at 2.55%, due October 15, 2019; secured by a Caterpillar motor grader purchased during fiscal year 2016.	116,328
Equipment lease with the original principal amount of \$130,497; payable in three annual installments of \$15,000 and a final lump sum payment of \$108,747, including principal and interest at 2.55%, due February 15, 2019; secured by a Mack truck with Maverick dump bed purchased during fiscal year 2016.	103,769
Equipment lease with the original principal amount of \$133,652; payable in monthly installments of \$2,401, including principal and interest at 2.94%, due March 28, 2021; secured by a John Deere tractor purchased during fiscal year 2016.	95,432
Equipment lease with the original principal amount of \$213,036; payable in three annual installments of \$16,500 and a final lump sum payment of \$178,120, including principal and interest at 2.55%, due October 24, 2019; secured by a Caterpillar motor grader purchased during fiscal year 2017.	198,233
Equipment lease with the original principal amount of \$213,036; payable in three annual installments of \$16,500 and a final lump sum payment of \$200,535, including principal and interest at 2.55%, due October 24, 2019; secured by a Caterpillar motor grader purchased during fiscal year 2017.	219,180
Equipment lease with the original principal amount of \$213,036; payable in three annual installments of \$22,959 and a final lump sum payment of \$225,000, including principal and interest at 2.55%, due October 24, 2019; secured by a Caterpillar motor grader purchased during fiscal year 2017.	254,483
Equipment lease with the original principal amount of \$291,500; payable in monthly installments of \$4,438, including principal and interest at 2.99%, due February 15, 2023; secured by a Gradall wheeled excavator purchased during fiscal year 2017.	265,688
Equipment lease with the original principal amount of \$136,000; payable in three annual installments of \$15,462 and a final lump sum payment of \$83,000, including principal and interest at 2.55%, due November 18, 2019; secured by a Mack truck with Maverick dump bed purchased during fiscal year 2017.	121,635
	<u>121,635</u>
Total capital leases	<u>\$ 1,627,121</u>

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and equipment	\$ 3,623,039
Less: accumulated depreciation	<u>( 1,317,256)</u>
	<u>\$ 2,305,783</u>

The annual debt service requirements to maturity for capital lease obligations are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 288,086	\$ 40,453	\$ 328,539
2019	414,051	34,678	448,729
2020	788,531	17,852	806,383
2021	64,472	3,186	67,658
2022	51,736	1,519	53,255
2023-2027	<u>20,245</u>	<u>168</u>	<u>20,413</u>
	<u>\$ 1,627,121</u>	<u>\$ 97,856</u>	<u>\$ 1,724,977</u>

### Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2017, was as follows:

	<u>Balance 09/30/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 09/30/17</u>	<u>Due Within One Year</u>
G.O. Bonds	\$ 7,245,000	\$ -	\$ 275,000	\$ 6,970,000	\$ 290,000
Capital leases	868,881	1,149,854	391,614	1,627,121	288,086
Compensated absences	195,777	447,772	435,370	208,179	41,636
Net pension liability	5,610,232	1,501,029	1,401,905	5,709,356	-
OPEB obligation	<u>354,319</u>	<u>76,614</u>	<u>24,776</u>	<u>406,157</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 14,274,209</u>	<u>\$ 3,175,269</u>	<u>\$ 2,528,665</u>	<u>\$ 14,920,813</u>	<u>\$ 619,722</u>

The compensated absences, net pension liability and net OPEB liability attributable to the governmental activities was liquidated primarily by the General Fund and Road and Bridge Funds in prior years.

### III. OTHER INFORMATION

#### A. Risk Management

The County maintains third party insurance coverage for general liability, property, automobile liability, public officials' liability, employee health and workers' compensation. There was no significant change in coverage from the prior year. Settlements did not exceed insurance coverage for fiscal years 2016 or 2017.

## **B. Contingent Liabilities and Commitments**

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. A contingent liability was not established because potential reimbursements are considered immaterial.

The County is involved in lawsuits and other claims in the ordinary course of its operations. Although the outcome of such lawsuits and other claims is not presently determinable, the resolution of these matters is not expected to have a material effect on the financial condition of the County.

## **C. Employee Retirement System**

### **Plan Description**

The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tcdrs.org](http://www.tcdrs.org).

All full and part-time non-temporary employees participate in the plan, regardless of hours they work in a year. Employees in a temporary position are not eligible for membership.

### **Benefits Provided**

TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

***Employees covered by benefit terms***

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	165
Inactive employees entitled to but not yet receiving benefits	129
Active employees	<u>308</u>
	<u>602</u>

**Contributions**

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer’s governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 10.44% and 10.02% in calendar years 2016 and 2017, respectively. The County’s contributions to TCDRS for the year ended September 30, 2017, were \$1,394,133, and were equal to the required contributions.

**Net Pension Liability**

The County’s Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

***Actuarial Assumptions***

The Total Pension Liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	2.5% per year
Investment rate of return	8.0%, net of pension plan investment expense, including inflation

The County has no automatic cost-of-living adjustments (“COLA”) and one is not considered to be substantively automatic. Therefore, no assumption for future cost-of-living adjustments is included in the actuarial valuation. Each year, the County may elect an ad-hoc COLA for its retirees.

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

The actuarial assumptions that determined the total pension liability as of December 31, 2016, were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except for mortality assumptions. Mortality assumptions were updated for the 2016 valuation to reflect projected improvements.

The long-term expected rate of return on pension plan investments is 8.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2017 information for a 7 to 10 year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. The target allocation and best estimates of geometric real rates return for each major assets class are summarized in the following table:

<b>Asset Class</b>	<b>Benchmark</b>	<b>Target Allocation <sup>(1)</sup></b>	<b>Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup></b>
US Equities	Dow Jones U.S. Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities - Developed Markets	MSCI World Ex USA (net)	10.00%	4.70%
International Equities - Emerging Markets	MSCI EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays Capital U.S. Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(4)</sup>	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%

<sup>(1)</sup> Target asset allocation adopted at the April 2017 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's

<sup>(3)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

### **Discount Rate**

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.



### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2015	\$ 58,094,643	\$ 52,484,411	\$ 5,610,232
Changes for the year:			
Service cost	1,816,511	-	1,816,511
Interest on total pension liability <sup>(1)</sup>	4,671,943	-	4,671,943
Effect of plan changes <sup>(2)</sup>	-	-	-
Effect of economic/demographic gains or losses	( 429,487)	-	( 429,487)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	( 191,695)	( 191,695)	-
Benefit payments	( 2,474,056)	( 2,474,056)	-
Administrative expenses	-	( 42,200)	42,200
Member contributions	-	939,896	( 939,896)
Net investment income	-	3,883,462	( 3,883,462)
Employer contributions	-	1,401,783	( 1,401,783)
Other <sup>(3)</sup>	-	( 223,098)	223,098
Balance at 12/31/2016	<u>\$ 61,487,859</u>	<u>\$ 55,778,503</u>	<u>\$ 5,709,356</u>

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

<sup>(2)</sup> Reflects new annuity purchase rates applicable to all TCDRS employers effective January 1.

<sup>(3)</sup> Relates to allocation of system-wide items.

### Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-higher (9.1%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	7.1%	8.1%	9.1%
Total pension liability	\$ 69,569,506	\$ 61,487,859	\$ 54,763,732
Fiduciary net position	<u>55,778,503</u>	<u>55,778,503</u>	<u>55,778,503</u>
Net pension liability/(asset)	<u>\$ 13,791,003</u>	<u>\$ 5,709,356</u>	<u>\$ ( 1,014,771)</u>

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained on the Internet at [www.tcdrs.org](http://www.tcdrs.org).

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2017, the County recognized pension expense of \$2,537,014. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 855,279
Changes in actuarial assumptions	432,510	-
Difference between projected and actual investment earnings	3,112,008	-
Contributions subsequent to the measurement date	<u>1,005,300</u>	<u>-</u>
Total	<u>\$ 4,549,818</u>	<u>\$ 855,279</u>

\$1,005,300 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

	<u>For the Year Ended September 30,</u>	
2018	\$ 950,993	
2019	950,993	
2020	816,211	
2021	( 28,958)	

**D. Postemployment Health Care**

*Plan description and Funding Policy.* In addition to the pension benefits described above, the Commissioners Court established a medical insurance benefit plan for retirees. The County administers this single-employer defined benefit medical plan (“the Retiree Medical Plan”). The Retiree Medical Plan does not issue a publicly available financial report. Eligible retirees will be provided medical insurance benefits and eligible retirees may also cover their eligible dependents if elected within 60 days. Retirees are responsible for paying the premiums. A retiree is defined as someone who is receiving lifetime monthly Texas County and District retirement pension benefit payments and who retired directly from active employment with Navarro County. The County will stop insurance coverage on the retiree and dependent on the last day of the month when one of the following occurs”

1. the retiree reaches age 65; or
2. the retiree fails to submit the required set premium rate.

*Annual OPEB Cost and Net OPEB Obligation.* The County’s annual other postemployment benefit (OPEB) cost is calculated based on annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County’s OPEB obligation to the postemployment medical plan.

Fiscal Year	2017
Annual Required Contribution (ARC)	\$ 76,248
Interest on Net OPEB Obligation	14,173
Adjustment to the ARC	( 13,807)
Annual OPEB Cost	76,614
Contributions Made	( 24,776)
Increase in Net OPEB Obligation	51,838
Net OPEB Obligation, beginning of year	354,319
Net OPEB Obligation, ending of year	\$ 406,157

The County’s annual OPEB cost, amount contributed to the plan, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending September 30, 2015, 2016 and 2017, are as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2015	\$ 75,987	\$ 31,046	40.9%	\$ 309,177
09/30/2016	78,389	33,247	42.4%	354,319
09/30/2017	76,614	24,776	32.3%	406,157

*Funded Status and Funding Progress.* The funding status of the post-employment medical plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2016	\$ -	\$ 738,195	\$ 738,195	0.0%	\$ 16,133,993	4.58%

Actuarial valuation of an ongoing plan involve estimates of the value reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress presents multi-trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Inflation rate	2.50% per annum
Investment rate of return	4.00%, net of expenses
Actuarial cost method	Individual entry age normal cost method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Salary growth	3.00% per annum
Health care cost trend rate	Initial rate of 7.30 declining to an ultimate rate of 4.25% after 14 years

#### **E. Tax Abatements**

The County enters into economic development agreements designed to promote development and redevelopment within the County, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the County. This program refunds property taxes as authorized under Chapter 312 of the Texas Tax Code.

The County has entered into various agreements that reduce property taxes. Agreements for a refund of property taxes call for a dollar for dollar tax refund for approved expenditures to encourage the maintenance and revitalization of the historic downtown area. For fiscal year 2017, the County rebated property taxes of \$19,120.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**



*Navarro County Courthouse*

**NAVARRO COUNTY, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 14,553,000	\$ 14,553,000	\$ 14,814,173	\$ 261,173
Sales and other taxes	2,247,500	2,247,500	2,453,531	206,031
Intergovernmental	400,316	400,316	498,432	98,116
Fees of office	1,631,850	1,631,850	1,711,505	79,655
Fines and forfeitures	550,000	550,000	621,792	71,792
Interest on investments	52,500	52,500	81,516	29,016
Other	153,850	153,850	219,410	65,560
Total revenues	<u>19,589,016</u>	<u>19,589,016</u>	<u>20,400,359</u>	<u>811,343</u>
<b>EXPENDITURES</b>				
General government:				
Salaries	2,297,527	2,208,011	2,181,745	26,266
Benefits	968,949	968,949	915,180	53,769
Supplies	216,422	216,422	246,838	( 30,416)
Other services	2,614,898	2,614,895	2,673,395	( 58,500)
Debt service	4,324	4,324	-	4,324
Intergovernmental	340,850	340,850	323,222	17,628
Total general government	<u>6,442,970</u>	<u>6,353,451</u>	<u>6,340,380</u>	<u>13,071</u>
Judicial:				
Salaries	1,880,200	1,880,200	1,893,257	( 13,057)
Benefits	568,141	568,141	564,203	3,938
Supplies	65,277	65,277	54,984	10,293
Other services	1,109,614	1,109,614	798,584	311,030
Total judicial	<u>3,623,232</u>	<u>3,623,232</u>	<u>3,311,028</u>	<u>312,204</u>
Public safety:				
Salaries	5,881,003	5,881,003	5,786,170	94,833
Benefits	2,588,466	2,588,466	2,520,280	68,186
Supplies	899,312	899,308	852,703	46,605
Other services	1,079,647	1,079,646	1,063,193	16,453
Capital outlay	506,088	506,088	498,204	7,884
Total public safety	<u>10,954,516</u>	<u>10,954,511</u>	<u>10,720,550</u>	<u>233,961</u>
Health and welfare:				
Other services	500,000	500,000	500,000	-
Total health and welfare	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total expenditures	<u>21,520,718</u>	<u>21,431,194</u>	<u>20,871,958</u>	<u>559,236</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	( 1,931,702)	( 1,842,178)	( 471,599)	1,370,579
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	6,500	6,500	473	( 6,027)
Total other financing sources and uses	<u>6,500</u>	<u>6,500</u>	<u>473</u>	<u>6,027</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 1,925,202)	( 1,835,678)	( 471,126)	1,376,606
<b>FUND BALANCES, BEGINNING</b>	8,925,274	8,925,274	8,925,274	-
<b>FUND BALANCES, ENDING</b>	<u>\$ 7,000,072</u>	<u>\$ 7,089,596</u>	<u>\$ 8,454,148</u>	<u>\$ 1,364,552</u>

## NAVARRO COUNTY, TEXAS

### NOTES TO BUDGETARY SCHEDULE

SEPTEMBER 30, 2017

#### A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the HIDTA Grant, Victim Assistance Grant, and Capital Projects Funds, which adopt project-length budgets. The County does not adopt budgets for the Juvenile Case Manager Fund, Courthouse Security Fund, Justice Court Technology Fund, County Clerk Records Management Fund, District Clerk Records Management Fund, County Clerk Archive Fund, Justice Court Building Security Fund, County Records Preservation Fund, Vital Statistics Fund, County & District Clerk Technology Fund, County Record Management & Preservation Fund, District Court Records Technology Fund, and Courthouse Restoration Funds either. All annual appropriations lapse at the end of the fiscal year.

Elected officials and department heads submit requests for appropriations to the budget officer, the County Judge, so that a budget may be prepared. The proposed budget is presented to the Commissioners Court for review by the second Monday in July. The Commissioners Court holds public work sessions and public hearings. A final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by fund, function and department. The County's department heads may make transfers of appropriations within a department (Sheriff's Office, County Auditor, etc.). The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.



**NAVARRO COUNTY, TEXAS**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS**

**SEPTEMBER 30, 2017**

<b>Plan Year Ended December 31</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Total Pension Liability</b>			
Service Cost	\$ 1,637,150	\$ 1,700,388	\$ 1,816,511
Interest total pension liability	4,156,387	4,430,218	4,671,943
Effect of plan changes	-	( 295,376)	-
Effect of assumption changes or inputs	-	648,765	-
Effect of economic/demographic (gains) or losses	( 62,881)	( 720,373)	( 429,487)
Benefit payments/refunds of contributions	<u>( 2,452,066)</u>	<u>( 2,660,511)</u>	<u>( 2,665,751)</u>
Net change in total pension liability	3,278,590	3,103,111	3,393,216
Total pension liability - beginning	<u>51,712,942</u>	<u>54,991,532</u>	<u>58,094,643</u>
Total pension liability - ending (a)	<u>\$ 54,991,532</u>	<u>\$ 58,094,643</u>	<u>\$ 61,487,859</u>
<b>Plan Fiduciary Net Position</b>			
Employer contributions	\$ 1,319,809	\$ 1,396,086	\$ 1,401,783
Member contributions	863,421	915,051	939,896
Investment income net of investment expenses	3,381,156	25,949	3,883,462
Benefit payments refunds of contributions	( 2,452,066)	( 2,660,511)	( 2,665,751)
Administrative expenses	( 39,486)	( 37,897)	( 42,200)
Other	<u>147,464</u>	<u>( 28,448)</u>	<u>( 223,098)</u>
Net change in plan fiduciary net position	3,220,298	( 389,770)	3,294,092
Plan fiduciary net position - beginning	<u>49,653,883</u>	<u>52,874,181</u>	<u>52,484,411</u>
Plan fiduciary net position - ending (b)	<u>\$ 52,874,181</u>	<u>\$ 52,484,411</u>	<u>\$ 55,778,503</u>
Net pension liability - ending (a) - (b)	<u>\$ 2,117,351</u>	<u>\$ 5,610,232</u>	<u>\$ 5,709,356</u>
Fiduciary net position as a percentage of total pension liability	96.15%	90.34%	90.71%
Pensionable covered payroll	\$ 12,334,580	\$ 13,072,157	\$ 13,072,157
Net pension liability as a percentage of covered payroll	17.17%	42.92%	43.68%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

**NAVARRO COUNTY, TEXAS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**SEPTEMBER 30, 2017**

<b>Fiscal Year Ended September 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2014	\$ 1,296,273	\$ 1,296,273	\$ -	\$ 12,284,646	10.6%
2015	1,380,859	1,380,859	-	12,922,941	10.7%
2016	1,400,891	1,400,891	-	13,335,021	10.5%
2017	1,394,133	1,394,133	-	13,757,387	10.1%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

# NAVARRO COUNTY, TEXAS

## NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

SEPTEMBER 30, 2017

**Valuation Timing** Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.

**Methods and assumptions used to determine contributions rates:**

<b>Actuarial Cost Method</b>	Entry age
<b>Amortization Method</b>	Level percentage of payroll, closed
<b>Remaining Amortization Period</b>	13.5 years (based on contribution rate calculated in 12/31/2016 valuation)
<b>Asset Valuation Method</b>	5-year smoothed market
<b>Inflation</b>	3.0%
<b>Salary Increases</b>	Varies by age and service. 4.9% average over career including inflation.
<b>Investment Rate of Return</b>	8.0%, net of investment expenses, including inflation.
<b>Retirement Age</b>	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
<b>Mortality</b>	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
<b>Changes in Plan Provisions</b>	No changes in plan provisions.

NAVARRO COUNTY, TEXAS

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

SEPTEMBER 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/12	\$ -	\$ 680,604	\$ 680,604	- %	\$ 11,933,991	5.70%
12/31/14	-	601,738	601,738	- %	13,335,021	4.51%
12/31/16	-	738,195	738,195	- %	16,133,993	4.58%

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

*Special Revenue Funds* are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

*Flood Control Fund* – This fund is used to account for revenues and expenditures relating to specific flood control projects. Revenues in this fund are derived from restricted property taxes.

*Road and Bridge Funds* – These funds, reported by Commissioners' Precinct, are used to account for revenues and expenditures relating to road construction and maintenance. Revenues in these funds are derived from restricted property taxes.

*District Attorney Forfeiture Fund* – This fund is used to account for money and property forfeited to the District Attorney's office as a result of drug seizures under Chapter 59 of the *Texas Code of Criminal Procedure*.

*Sheriff Seizure Fund* – This fund is used to account for money and property forfeited to the County Sheriff's office as a result of drug seizures under Chapter 59 of the *Texas Code of Criminal Procedure*.

*Juvenile Case Manager Fund* – This fund is to account for fee revenues and expenditures related to juvenile case managers.

*Courthouse Security Fund* – This fund is to account for fee revenues and expenditures related to security for the courthouse and other buildings housing courts.

*Justice Court Technology Fund* – This fund is to account for fee revenues and expenditures related to maintenance of technological enhancements for a justice court and continuing education and training for enhancement for a justice court

*County Clerk Records Management Fund* – This fund is to account for fee revenues and expenditures related to records management in the County Clerk's Office.

*District Clerk Records Management Fund* – This fund is to account for fee revenues and expenditures related to records management in the District Clerks Office.

*County Clerk Archive Fund* – This fund is to account for fee revenues and expenditures related to the preservation and restoration of the County Courts records archive.

*Justice Court Building Security Fund* – This fund is to account for fee revenues and expenditures related to security devices and services for buildings housing justice of the peace courts.

***County & District Clerk Technology Fund*** – This fund is to account for fee revenues and expenditures related to the costs of continuing education and training for the judges and clerks on technological enhancements and for the purchase and maintenance of technological enhancements.

***Vital Statistics Fund*** – This fund is to account for fee revenues and expenditures related to conduct the operations within the Vital Statistics Program.

***County Records Preservation Fund*** – This fund is to account for fee revenues and expenditures related to filing of civil cases in county and district courts and to be used for the preservation of court records.

***County Record Management & Preservation Fund*** – This fund is to account for fee revenues and expenditures related to records management on a countywide basis.

***District Court Records Technology Fund*** – This fund is to account for fee revenues and expenditures related to the preservation and restoration of the District Courts records archive.

***Courthouse Restoration Fund*** – This fund is to account for fee revenues and expenditures related to donations received for the courthouse restoration project.

### **DEBT SERVICE FUND**

The ***Debt Service Fund*** is used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal, interest and related costs on general long-term debt.

**NAVARRO COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2017**

	Flood Control	Road and Bridge Precinct 1	Road and Bridge Precinct 2	Road and Bridge Precinct 3
<b>ASSETS</b>				
Cash	\$ 956,258	\$ 377,783	\$ 189,441	\$ 232,034
Investments	2,150	31,064	76,986	65,857
Accounts receivable	646	-	48,451	48,456
Property taxes receivable, net	18,240	53,828	53,829	53,827
Due from other governments	-	120,667	-	25,411
Prepaid items	-	815	1,238	1,035
Due from other funds	-	-	663	-
Total assets	977,294	584,157	370,608	426,620
<b>LIABILITIES</b>				
Accounts payable	10,100	50,208	22,727	7,005
Accrued liabilities	-	128	-	614
Due to other funds	-	312,768	-	116,944
Total liabilities	10,100	363,104	22,727	124,563
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	13,120	38,636	38,636	38,637
Total deferred inflows of resources	13,120	38,636	38,636	38,637
<b>FUND BALANCES</b>				
Nonspendable-prepaid items	-	815	1,238	1,035
Restricted for:				
Flood protection projects	954,074	-	-	-
Repairs and construction of roads and bridges	-	181,602	308,007	262,385
Law enforcement	-	-	-	-
Records management and preservation	-	-	-	-
Court security and technology	-	-	-	-
Debt service	-	-	-	-
Capital projects - courthouse restoration	-	-	-	-
Total fund balances	954,074	182,417	309,245	263,420
Total liabilities, deferred inflows of resources, and fund balances	\$ 977,294	\$ 584,157	\$ 370,608	\$ 426,620



	<u>Road and Bridge Precinct 4</u>	<u>District Attorney Forfeiture</u>	<u>Sheriff Seizure</u>	<u>Juvenile Case Manager</u>	<u>Courthouse Security Fund</u>	<u>Justice Court Technology Fund</u>	<u>County Clerk Records Management</u>
\$	1,008,817	\$ 60,051	\$ 254,137	\$ 108,938	\$ 335,251	\$ 23,743	\$ 60,671
	76,234	111,883	148,980	-	-	-	-
	48,456	-	-	-	-	-	-
	53,828	-	-	-	-	-	-
	-	-	-	-	-	-	-
	690	-	-	-	-	7	-
	-	-	-	4,529	-	-	-
	<u>1,188,025</u>	<u>171,934</u>	<u>403,117</u>	<u>113,467</u>	<u>335,251</u>	<u>23,750</u>	<u>60,671</u>
	48,802	20	1,971	-	-	565	-
	-	-	-	-	-	-	-
	49,812	-	-	-	285,269	5,659	12,492
	<u>98,614</u>	<u>20</u>	<u>1,971</u>	<u>-</u>	<u>285,269</u>	<u>6,224</u>	<u>12,492</u>
	<u>38,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>38,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	690	-	-	-	-	7	-
	-	-	-	-	-	-	-
	1,050,086	-	-	-	-	-	-
	-	171,914	401,146	113,467	-	-	-
	-	-	-	-	-	-	48,179
	-	-	-	-	49,982	17,519	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	<u>1,050,776</u>	<u>171,914</u>	<u>401,146</u>	<u>113,467</u>	<u>49,982</u>	<u>17,526</u>	<u>48,179</u>
\$	<u>1,188,025</u>	\$ <u>171,934</u>	\$ <u>403,117</u>	\$ <u>113,467</u>	\$ <u>335,251</u>	\$ <u>23,750</u>	\$ <u>60,671</u>

**NAVARRO COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2017**

	District Clerk Records Management	County Clerk Archive	Justice Court Building Security	County and District Clerk Technology	Vital Statistics
<b>ASSETS</b>					
Cash	\$ 5,606	\$ 147,244	\$ 20,369	\$ 4,343	\$ 16,030
Investments	-	-	-	-	-
Accounts receivable	-	-	186	-	-
Property taxes receivable, net	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	<u>11,023</u>	<u>18,938</u>	<u>-</u>	<u>6,267</u>	<u>9,476</u>
Total assets	<u>16,629</u>	<u>166,182</u>	<u>20,555</u>	<u>10,610</u>	<u>25,506</u>
<b>LIABILITIES</b>					
Accounts payable	7,777	4,325	-	-	-
Accrued liabilities	-	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>13,150</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>7,777</u>	<u>4,325</u>	<u>13,150</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable-prepaid items	-	-	-	-	-
Restricted for:					
Flood protection projects	-	-	-	-	-
Repairs and construction of roads and bridges	-	-	-	-	-
Law enforcement	8,852	-	-	-	-
Records management and preservation	-	161,857	-	10,610	25,506
Court security and technology	-	-	7,405	-	-
Debt service	-	-	-	-	-
Capital projects - courthouse restoration	-	-	-	-	-
Total fund balances	<u>8,852</u>	<u>161,857</u>	<u>7,405</u>	<u>10,610</u>	<u>25,506</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 16,629</u>	 <u>\$ 166,182</u>	 <u>\$ 20,555</u>	 <u>\$ 10,610</u>	 <u>\$ 25,506</u>

<u>County Records Preservation</u>	<u>County Record Management and Preservation</u>	<u>District Court Records Technology</u>	<u>Courthouse Restoration</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 13,405	\$ 33,039	\$ 2,828	\$ -	\$ 252,543	\$ 4,102,531
-	-	-	-	2,170	515,324
-	-	-	-	1,322	147,517
-	-	-	-	40,984	274,536
-	-	-	-	-	146,078
-	-	-	-	-	3,785
<u>27,027</u>	<u>-</u>	<u>9,769</u>	<u>14</u>	<u>-</u>	<u>87,706</u>
<u>40,432</u>	<u>33,039</u>	<u>12,597</u>	<u>14</u>	<u>297,019</u>	<u>5,277,477</u>
-	-	-	14	-	153,514
-	-	-	-	-	742
<u>-</u>	<u>23,607</u>	<u>-</u>	<u>-</u>	<u>134,033</u>	<u>953,734</u>
<u>-</u>	<u>23,607</u>	<u>-</u>	<u>14</u>	<u>134,033</u>	<u>1,107,990</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,479</u>	<u>197,143</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,479</u>	<u>197,143</u>
-	-	-	-	-	3,785
-	-	-	-	-	954,074
-	-	-	-	-	1,802,080
-	-	-	-	-	695,379
40,432	9,432	12,597	-	-	308,613
-	-	-	-	-	74,906
-	-	-	-	133,507	133,507
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>40,432</u>	<u>9,432</u>	<u>12,597</u>	<u>-</u>	<u>133,507</u>	<u>3,972,344</u>
<u>\$ 40,432</u>	<u>\$ 33,039</u>	<u>\$ 12,597</u>	<u>\$ 14</u>	<u>\$ 297,019</u>	<u>\$ 5,277,477</u>

**NAVARRO COUNTY, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Flood Control</u>	<u>Road and Bridge Precinct 1</u>	<u>Road and Bridge Precinct 2</u>	<u>Road and Bridge Precinct 3</u>
<b>REVENUES</b>				
Property taxes	\$ 275,721	\$ 810,540	\$ 809,655	\$ 809,655
Intergovernmental	152	-	-	174,979
Licenses and permits	-	210,240	210,240	210,240
Fees of office	-	39,567	39,567	39,567
Fines and forfeitures	-	84,182	84,182	67,026
Interest on investments	5,326	1,212	2,651	1,530
Other	-	673	5,429	-
Total revenues	<u>281,199</u>	<u>1,146,414</u>	<u>1,151,724</u>	<u>1,302,997</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Roads and highways	173,661	1,296,960	1,100,177	1,219,256
Debt service:				
Principal	-	91,525	197,541	34,110
Interest and other	-	7,992	9,736	7,168
Capital outlay	-	5,454	863,771	-
Intergovernmental:				
Tax increment reinvestment	-	6,514	6,514	6,514
Total expenditures	<u>173,661</u>	<u>1,408,445</u>	<u>2,177,739</u>	<u>1,267,048</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	107,538	( 262,031)	( 1,026,015)	35,949
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	-
Sale of capital assets	-	3,492	100,354	-
Issuance of capital lease	-	-	858,354	-
Total other financing sources (uses)	<u>-</u>	<u>3,492</u>	<u>958,708</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	107,538	( 258,539)	( 67,307)	35,949
<b>FUND BALANCES, BEGINNING</b>	<u>846,536</u>	<u>440,956</u>	<u>376,552</u>	<u>227,471</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 954,074</u>	<u>\$ 182,417</u>	<u>\$ 309,245</u>	<u>\$ 263,420</u>

	<u>Road and Bridge Precinct 4</u>	<u>District Attorney Forfeiture</u>	<u>Sheriff Seizure</u>	<u>Juvenile Case Manager</u>	<u>Courthouse Security Fund</u>	<u>Justice Court Technology Fund</u>	<u>County Clerk Records Management</u>
\$	809,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	48,105	-	-	-	-	-	-
	210,240	-	-	-	-	-	-
	39,567	-	-	693	28,659	18,490	21,128
	84,182	15,462	125,906	-	-	-	-
	4,674	1,477	1,601	-	-	-	-
	1,403	-	-	-	-	-	-
	<u>1,197,826</u>	<u>16,939</u>	<u>127,507</u>	<u>693</u>	<u>28,659</u>	<u>18,490</u>	<u>21,128</u>
	-	-	-	-	-	-	8,650
	-	28,175	8,974	-	73,715	19,889	-
	1,274,456	-	-	-	-	-	-
	68,438	-	-	-	-	-	-
	11,359	-	-	-	-	-	-
	291,500	-	8,153	-	-	-	-
	6,514	-	-	-	-	-	-
	<u>1,652,267</u>	<u>28,175</u>	<u>17,127</u>	<u>-</u>	<u>73,715</u>	<u>19,889</u>	<u>8,650</u>
(	454,441)	( 11,236)	110,380	693	( 45,056)	( 1,399)	12,478
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	<u>291,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>291,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(	162,941)	( 11,236)	110,380	693	( 45,056)	( 1,399)	12,478
	<u>1,213,717</u>	<u>183,150</u>	<u>290,766</u>	<u>112,774</u>	<u>95,038</u>	<u>18,925</u>	<u>35,701</u>
\$	<u>1,050,776</u>	\$ <u>171,914</u>	\$ <u>401,146</u>	\$ <u>113,467</u>	\$ <u>49,982</u>	\$ <u>17,526</u>	\$ <u>48,179</u>

**NAVARRO COUNTY, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	District Clerk Records Management	County Clerk Archive	Justice Court Building Security	County and District Clerk Technology	Vital Statistics
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Fees of office	11,024	98,915	5,139	1,776	3,552
Fines and forfeitures	-	-	-	-	-
Interest on investments	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	<u>11,024</u>	<u>98,915</u>	<u>5,139</u>	<u>1,776</u>	<u>3,552</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,172	211,104	-	-	1,566
Judicial	-	-	3,529	-	-
Roads and highways	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Capital outlay	-	-	-	-	-
Intergovernmental:					
Tax increment reinvestment	-	-	-	-	-
<b>Total expenditures</b>	<u>2,172</u>	<u>211,104</u>	<u>3,529</u>	<u>-</u>	<u>1,566</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	8,852	( 112,189)	1,610	1,776	1,986
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Issuance of capital lease	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	8,852	( 112,189)	1,610	1,776	1,986
<b>FUND BALANCES, BEGINNING</b>	<u>-</u>	<u>274,046</u>	<u>5,795</u>	<u>8,834</u>	<u>23,520</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 8,852</u>	<u>\$ 161,857</u>	<u>\$ 7,405</u>	<u>\$ 10,610</u>	<u>\$ 25,506</u>

<u>County Records Preservation</u>	<u>County Record Management and Preservation</u>	<u>District Court Records Technology</u>	<u>Courthouse Restoration</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 607,499	\$ 4,122,725
-	-	-	-	-	223,236
-	-	-	-	-	840,960
9,247	13,065	4,260	-	-	374,216
-	-	-	-	-	460,940
-	-	-	-	1,457	19,928
-	-	-	-	-	7,505
<u>9,247</u>	<u>13,065</u>	<u>4,260</u>	<u>-</u>	<u>608,956</u>	<u>6,049,510</u>
-	-	-	130,972	-	354,464
-	-	-	-	-	134,282
-	-	-	-	-	5,064,510
-	-	-	-	275,000	666,614
-	-	-	-	264,353	300,608
-	5,574	-	49,683	-	1,224,135
-	-	-	-	-	26,056
<u>-</u>	<u>5,574</u>	<u>-</u>	<u>180,655</u>	<u>539,353</u>	<u>7,770,669</u>
9,247	7,491	4,260	( 180,655)	69,603	( 1,721,159)
-	-	-	( 420,381)	-	( 420,381)
-	-	-	-	-	103,846
-	-	-	-	-	1,149,854
<u>-</u>	<u>-</u>	<u>-</u>	<u>( 420,381)</u>	<u>-</u>	<u>833,319</u>
9,247	7,491	4,260	( 601,036)	69,603	( 887,840)
<u>31,185</u>	<u>1,941</u>	<u>8,337</u>	<u>601,036</u>	<u>63,904</u>	<u>4,860,184</u>
<u>\$ 40,432</u>	<u>\$ 9,432</u>	<u>\$ 12,597</u>	<u>\$ -</u>	<u>\$ 133,507</u>	<u>\$ 3,972,344</u>



*Navarre County Courthouse*



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**BUDGETARY  
COMPARISON SCHEDULES**

**NAVARRO COUNTY, TEXAS**

**FLOOD CONTROL**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 274,408	\$ 274,408	\$ 275,721	\$ 1,313
Intergovernmental	-	-	152	152
Interest on investments	<u>5,000</u>	<u>5,000</u>	<u>5,326</u>	<u>326</u>
Total revenues	<u>279,408</u>	<u>279,408</u>	<u>281,199</u>	<u>1,791</u>
<b>EXPENDITURES</b>				
Roads and highways:				
Other services	<u>400,000</u>	<u>400,000</u>	<u>173,661</u>	<u>226,339</u>
Total expenditures	<u>400,000</u>	<u>400,000</u>	<u>173,661</u>	<u>226,339</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 120,592)	( 120,592)	107,538	228,130
<b>FUND BALANCES, BEGINNING</b>	<u>846,536</u>	<u>846,536</u>	<u>846,536</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 725,944</u>	<u>\$ 725,944</u>	<u>\$ 954,074</u>	<u>\$ 228,130</u>

**NAVARRO COUNTY, TEXAS**

**ROAD AND BRIDGE FUND - PRECINCT 1**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 794,900	\$ 794,900	\$ 810,540	\$ 15,640
License and permits	215,000	215,000	210,240	( 4,760)
Fees of office	34,500	34,500	39,567	5,067
Fines and forfeitures	105,000	105,000	84,182	( 20,818)
Interest on investments	1,500	1,500	1,212	( 288)
Other	-	-	673	673
Total revenues	<u>1,150,900</u>	<u>1,150,900</u>	<u>1,146,414</u>	<u>( 4,486)</u>
<b>EXPENDITURES</b>				
Roads and highways:				
Salaries	335,809	335,809	335,809	-
Benefits	151,669	151,669	149,064	2,605
Supplies	428,068	428,067	423,054	5,013
Other services	467,149	467,148	389,033	78,115
Debt service:				
Principal	91,978	91,978	91,525	453
Interest	7,539	7,539	7,992	( 453)
Capital outlay	5,454	5,454	5,454	-
Intergovernmental	9,040	9,040	6,514	2,526
Total expenditures	<u>1,496,706</u>	<u>1,496,704</u>	<u>1,408,445</u>	<u>88,259</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>( 345,806)</b>	<b>( 345,804)</b>	<b>( 258,539)</b>	<b>87,265</b>
<b>FUND BALANCES, BEGINNING</b>	<u>440,956</u>	<u>440,956</u>	<u>440,956</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 95,150</u>	<u>\$ 95,152</u>	<u>\$ 182,417</u>	<u>\$ 87,265</u>

**NAVARRO COUNTY, TEXAS**

**ROAD AND BRIDGE FUND - PRECINCT 2**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 794,900	\$ 794,900	\$ 809,655	\$ 14,755
License and permits	215,000	215,000	210,240	( 4,760)
Fees of office	34,500	34,500	39,567	5,067
Fines and forfeitures	105,000	105,000	84,182	( 20,818)
Interest on investments	2,000	2,000	2,651	651
Other	-	-	5,429	5,429
Total revenues	<u>1,151,400</u>	<u>1,151,400</u>	<u>1,151,724</u>	<u>324</u>
<b>EXPENDITURES</b>				
Roads and highways:				
Salaries	394,979	394,979	391,593	3,386
Benefits	173,369	173,369	171,511	1,858
Supplies	618,250	618,250	471,598	146,652
Other services	147,584	147,584	65,475	82,109
Debt service:				
Principal	97,187	97,187	197,541	( 100,354)
Interest	10,810	10,810	9,736	1,074
Capital outlay	14,075	14,075	863,771	( 849,696)
Intergovernmental	6,514	6,514	6,514	-
Total expenditures	<u>1,462,768</u>	<u>1,462,768</u>	<u>2,177,739</u>	<u>( 714,971)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 311,368)</u>	<u>( 311,368)</u>	<u>( 1,026,015)</u>	<u>( 714,647)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	-	-	858,354	858,354
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>958,708</u>	<u>958,708</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 311,368)</u>	<u>( 311,368)</u>	<u>( 67,307)</u>	<u>244,061</u>
<b>FUND BALANCES, BEGINNING</b>	<u>376,552</u>	<u>376,552</u>	<u>376,552</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 65,184</u>	<u>\$ 65,184</u>	<u>\$ 309,245</u>	<u>\$ 244,061</u>

**NAVARRO COUNTY, TEXAS**

**ROAD AND BRIDGE FUND - PRECINCT 3**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 794,900	\$ 794,900	\$ 809,655	\$ 14,755
Intergovernmental	124,476	124,476	174,979	50,503
License and permits	215,000	215,000	210,240	( 4,760)
Fees of office	34,500	34,500	39,567	5,067
Fines and forfeitures	105,000	105,000	67,026	( 37,974)
Interest on investments	2,000	2,000	1,530	( 470)
Total revenues	<u>1,275,876</u>	<u>1,275,876</u>	<u>1,302,997</u>	<u>27,121</u>
<b>EXPENDITURES</b>				
Roads and highways:				
Salaries	384,287	384,287	323,161	61,126
Benefits	181,189	181,189	138,760	42,429
Supplies	636,467	636,466	536,689	99,777
Other services	237,296	237,295	220,646	16,649
Debt service:				
Principal	35,051	35,051	34,110	941
Interest	6,549	6,549	7,168	( 619)
Intergovernmental	9,000	9,000	6,514	2,486
Total expenditures	<u>1,489,839</u>	<u>1,489,837</u>	<u>1,267,048</u>	<u>222,789</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 213,963)	( 213,961)	35,949	249,910
<b>FUND BALANCES, BEGINNING</b>	<u>227,471</u>	<u>227,471</u>	<u>227,471</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 13,508</u>	<u>\$ 13,510</u>	<u>\$ 263,420</u>	<u>\$ 249,910</u>

**NAVARRO COUNTY, TEXAS**

**ROAD AND BRIDGE FUND - PRECINCT 4**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 794,900	\$ 794,900	\$ 809,655	\$ 14,755
Intergovernmental	-	-	48,105	48,105
License and permits	215,000	215,000	210,240	( 4,760)
Fees of office	34,500	34,500	39,567	5,067
Fines and forfeitures	105,000	105,000	84,182	( 20,818)
Interest on investments	3,000	3,000	4,674	1,674
Other	-	-	1,403	1,403
<b>Total revenues</b>	<u>1,152,400</u>	<u>1,152,400</u>	<u>1,197,826</u>	<u>45,426</u>
<b>EXPENDITURES</b>				
Roads and highways:				
Salaries	393,301	393,301	356,331	36,970
Benefits	171,663	171,663	150,722	20,941
Supplies	696,902	696,901	324,955	371,946
Other services	527,750	527,749	442,448	85,301
Debt service:				
Principal	72,213	72,213	68,438	3,775
Interest	7,584	7,584	11,359	( 3,775)
Capital outlay	28,935	28,935	291,500	( 262,565)
Intergovernmental	9,000	9,000	6,514	2,486
<b>Total expenditures</b>	<u>1,907,348</u>	<u>1,907,346</u>	<u>1,652,267</u>	<u>255,079</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 754,948)	( 754,946)	( 162,941)	592,005
<b>FUND BALANCES, BEGINNING</b>	<u>1,213,717</u>	<u>1,213,717</u>	<u>1,213,717</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 458,769</u>	<u>\$ 458,771</u>	<u>\$ 1,050,776</u>	<u>\$ 592,005</u>

**NAVARRO COUNTY, TEXAS**

**DISTRICT ATTORNEY FORFEITURE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Forfeitures	\$ 14,500	\$ 14,500	\$ 15,462	\$ 962
Interest on investments	<u>500</u>	<u>500</u>	<u>1,477</u>	<u>977</u>
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>16,939</u>	<u>1,939</u>
<b>EXPENDITURES</b>				
Judicial:				
Other services	<u>15,000</u>	<u>15,000</u>	<u>28,175</u>	<u>( 13,175)</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>28,175</u>	<u>( 13,175)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	( 11,236)	( 11,236)
<b>FUND BALANCES, BEGINNING</b>	<u>183,150</u>	<u>183,150</u>	<u>183,150</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 183,150</u>	<u>\$ 183,150</u>	<u>\$ 171,914</u>	<u>\$ ( 11,236)</u>

**NAVARRO COUNTY, TEXAS**

**SHERIFF SEIZURE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Forfeitures	\$ 70,680	\$ 70,680	\$ 125,906	\$ 55,226
Interest on investments	1,320	1,320	1,601	281
Total revenues	<u>72,000</u>	<u>72,000</u>	<u>127,507</u>	<u>55,507</u>
<b>EXPENDITURES</b>				
Public safety:				
Supplies	9,000	9,000	94	8,906
Other services	27,000	27,000	8,880	18,120
Capital outlay	36,000	36,000	8,153	27,847
Total expenditures	<u>72,000</u>	<u>72,000</u>	<u>17,127</u>	<u>54,873</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	110,380	110,380
<b>FUND BALANCES, BEGINNING</b>	<u>290,766</u>	<u>290,766</u>	<u>290,766</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 290,766</u>	<u>\$ 290,766</u>	<u>\$ 401,146</u>	<u>\$ 110,380</u>



**NAVARRO COUNTY, TEXAS**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 546,974	\$ 546,974	\$ 607,499	\$ 60,525
Interest on investments	700	700	1,457	757
Total revenues	<u>547,674</u>	<u>547,674</u>	<u>608,956</u>	<u>61,282</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	275,000	275,000	275,000	-
Interest	<u>264,478</u>	<u>264,478</u>	<u>264,353</u>	<u>125</u>
Total expenditures	<u>539,478</u>	<u>539,478</u>	<u>539,353</u>	<u>125</u>
<b>NET CHANGE IN FUND BALANCES</b>	8,196	8,196	69,603	61,407
<b>FUND BALANCES, BEGINNING</b>	<u>63,904</u>	<u>63,904</u>	<u>63,904</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 72,100</u>	<u>\$ 72,100</u>	<u>\$ 133,507</u>	<u>\$ 61,407</u>



*Navarro County Courthouse*

## AGENCY FUNDS

*Agency Funds* are used to account for assets held by the County as an agent for individual private organizations and other governments. The following are the County's Fiduciary Funds:

*County Treasurer* – This fund is used as a clearing account for the allocation of resources collected by fee offices, pending audit and distribution to other entities.

*District Clerk* – This fund is used to account for monies held on behalf of individuals in accordance with court ordered decrees by the District Clerk.

*Tax Assessor and Collector* – This fund is used to record tax collections which are deposited intact pending audit and distribution to the state and other taxing authorities.

*Juvenile Probation and Corrections* – This fund is used to account for funds received from the State of Texas for supervision, rehabilitation and placement of juvenile probationers.

*Community Supervision and Corrections* – This fund is used to account for funds received from the State of Texas for supervision, rehabilitation and placement of adult probationers.

*Inmate Commissary* – This fund is used to account for inmate deposits which may be used by inmates to purchase miscellaneous personal items.

*Special Lake* – This fund is used to account for mortgage payments received from property owners and held in escrow for improvement due to default on a performance bond.

*Special Forfeiture* – This fund is used to account for cash seized by law enforcement personnel prior to court order as to its disposition.

*Economic Development* – This fund is used to account for funds available to the Corsicana Navarro County Economic Development commission to be used to further economic development in Navarro County.

**NAVARRO COUNTY, TEXAS**

**COMBINING STATEMENT OF CHANGES IN  
FIDUCIARY ASSETS AND LIABILITIES**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
<b><u>COUNTY TREASURER</u></b>				
Assets:				
Cash	\$ 2,004,778	\$ 23,718,089	\$ 24,844,897	\$ 877,970
Investments	<u>271,230</u>	<u>2,730</u>	<u>-</u>	<u>273,960</u>
Total assets	<u>2,276,008</u>	<u>23,720,819</u>	<u>24,844,897</u>	<u>1,151,930</u>
Liabilities:				
Due to others	<u>2,276,008</u>	<u>23,720,819</u>	<u>24,844,897</u>	<u>1,151,930</u>
Total liabilities	<u>2,276,008</u>	<u>23,720,819</u>	<u>24,844,897</u>	<u>1,151,930</u>
<b><u>DISTRICT CLERK</u></b>				
Assets:				
Cash	<u>784,669</u>	<u>3,741,997</u>	<u>2,825,611</u>	<u>1,701,055</u>
Total assets	<u>784,669</u>	<u>3,741,997</u>	<u>2,825,611</u>	<u>1,701,055</u>
Liabilities:				
Due to others	<u>784,669</u>	<u>3,741,997</u>	<u>2,825,611</u>	<u>1,701,055</u>
Total liabilities	<u>784,669</u>	<u>3,741,997</u>	<u>2,825,611</u>	<u>1,701,055</u>
<b><u>TAX ASSESSOR AND COLLECTOR</u></b>				
Assets:				
Cash	<u>1,124,230</u>	<u>70,411,307</u>	<u>70,286,115</u>	<u>1,249,422</u>
Total assets	<u>1,124,230</u>	<u>70,411,307</u>	<u>70,286,115</u>	<u>1,249,422</u>
Liabilities:				
Due to others	<u>1,124,230</u>	<u>70,411,307</u>	<u>70,286,115</u>	<u>1,249,422</u>
Total liabilities	<u>\$ 1,124,230</u>	<u>\$ 70,411,307</u>	<u>\$ 70,286,115</u>	<u>\$ 1,249,422</u>

**NAVARRO COUNTY, TEXAS**

**COMBINING STATEMENT OF CHANGES IN  
FIDUCIARY ASSETS AND LIABILITIES**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
<b><u>JUVENILE PROBATION AND CORRECTIONS</u></b>				
Assets:				
Cash	\$ 96,502	\$ 351,566	\$ 438,000	\$ 10,068
Investments	<u>36,031</u>	<u>363</u>	<u>-</u>	<u>36,394</u>
Total assets	<u>132,533</u>	<u>351,929</u>	<u>438,000</u>	<u>46,462</u>
Liabilities:				
Due to others	<u>132,533</u>	<u>351,929</u>	<u>438,000</u>	<u>46,462</u>
Total liabilities	<u>132,533</u>	<u>351,929</u>	<u>438,000</u>	<u>46,462</u>
<b><u>COMMUNITY SUPERVISION AND CORRECTIONS</u></b>				
Assets:				
Cash	276,432	1,072,248	1,139,369	209,311
Investments	<u>91,747</u>	<u>925</u>	<u>-</u>	<u>92,672</u>
Total assets	<u>368,179</u>	<u>1,073,173</u>	<u>1,139,369</u>	<u>301,983</u>
Liabilities:				
Due to others	<u>368,179</u>	<u>1,073,173</u>	<u>1,139,369</u>	<u>301,983</u>
Total liabilities	<u>368,179</u>	<u>1,073,173</u>	<u>1,139,369</u>	<u>301,983</u>
<b><u>INMATE COMMISSARY</u></b>				
Assets:				
Cash	<u>371,965</u>	<u>788,359</u>	<u>752,397</u>	<u>407,927</u>
Total assets	<u>371,965</u>	<u>788,359</u>	<u>752,397</u>	<u>407,927</u>
Liabilities:				
Due to others	<u>371,965</u>	<u>788,359</u>	<u>752,397</u>	<u>407,927</u>
Total liabilities	<u>\$ 371,965</u>	<u>\$ 788,359</u>	<u>\$ 752,397</u>	<u>\$ 407,927</u>

NAVARRO COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN  
FIDUCIARY ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
<b><u>SPECIAL LAKE</u></b>				
Assets:				
Cash	\$ 235	\$ 1	\$ -	\$ 236
Investments	<u>93,937</u>	<u>947</u>	<u>-</u>	<u>94,884</u>
<b>Total assets</b>	<u>94,172</u>	<u>948</u>	<u>-</u>	<u>95,120</u>
Liabilities:				
Due to others	<u>94,172</u>	<u>948</u>	<u>-</u>	<u>95,120</u>
<b>Total liabilities</b>	<u>94,172</u>	<u>948</u>	<u>-</u>	<u>95,120</u>
<b><u>SPECIAL FORFEITURE</u></b>				
Assets:				
Cash	36,390	94,481	18,108	112,763
Investments	<u>1,675</u>	<u>17</u>	<u>-</u>	<u>1,692</u>
<b>Total assets</b>	<u>38,065</u>	<u>94,498</u>	<u>18,108</u>	<u>114,455</u>
Liabilities:				
Due to others	<u>38,065</u>	<u>94,498</u>	<u>18,108</u>	<u>114,455</u>
<b>Total liabilities</b>	<u>38,065</u>	<u>94,498</u>	<u>18,108</u>	<u>114,455</u>
<b><u>ECONOMIC DEVELOPMENT</u></b>				
Assets:				
Investments	<u>2,121</u>	<u>21</u>	<u>-</u>	<u>2,142</u>
<b>Total assets</b>	<u>2,121</u>	<u>21</u>	<u>-</u>	<u>2,142</u>
Liabilities:				
Due to others	<u>2,121</u>	<u>21</u>	<u>-</u>	<u>2,142</u>
<b>Total liabilities</b>	<u>\$ 2,121</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 2,142</u>

NAVARRO COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN  
FIDUCIARY ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
Assets:				
Cash	\$ 4,695,201	\$ 100,178,048	\$ 100,304,497	\$ 4,568,752
Investments	<u>496,741</u>	<u>5,003</u>	<u>-</u>	<u>501,744</u>
Total assets	<u>5,191,942</u>	<u>100,183,051</u>	<u>100,304,497</u>	<u>5,070,496</u>
Liabilities:				
Due to others	<u>5,191,942</u>	<u>100,183,051</u>	<u>100,304,497</u>	<u>5,070,496</u>
Total liabilities	<u>\$ 5,191,942</u>	<u>\$ 100,183,051</u>	<u>\$ 100,304,497</u>	<u>\$ 5,070,496</u>



*Navajo County Courthouse*



# STATISTICAL SECTION

## (Unaudited)

This part of Navarro County, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	70
<b>Revenue Capacity</b> These schedules contain trend information to help the reader assess the factors affecting the County's ability to generate its property taxes.	82
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future	87
<b>Demographic and Economic Information</b> These schedules offer economic and demographic information indicators to help the reader understand the environment within the County's financial activities take place and to help make comparisons over time and with other governments.	92
<b>Operating Information</b> These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	94
<b>Sources:</b> Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

**NAVARRO COUNTY, TEXAS**

**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**

*(Accrual Basis of Accounting)*

*(Unaudited)*

	Fiscal Year			
	2017	2016	2015	2014
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 9,007,054	\$ 9,278,430	\$ 9,958,598	\$ 9,908,273
Restricted	4,119,555	5,803,287	3,862,529	2,712,943
Unrestricted	<u>7,157,731</u>	<u>7,779,915</u>	<u>8,293,305</u>	<u>9,048,509</u>
Total governmental activities net position	<u>20,284,340</u>	<u>22,861,632</u>	<u>22,114,432</u>	<u>21,669,725</u>
<b>Primary government:</b>				
Net investment in capital assets	9,007,054	9,278,430	9,958,598	9,908,273
Restricted	4,119,555	5,803,287	3,862,529	2,712,943
Unrestricted	<u>7,157,731</u>	<u>7,779,915</u>	<u>8,293,305</u>	<u>9,048,509</u>
Total primary government net position	<u>\$ 20,284,340</u>	<u>\$ 22,861,632</u>	<u>\$ 22,114,432</u>	<u>\$ 21,669,725</u>

Source: Navarro County financial records.

TABLE 1

		Fiscal Year									
		2013	2012	2011	2010	2009	2008				
\$	9,803,913	\$	8,797,242	\$	9,430,394	\$	9,269,955	\$	9,225,606	\$	8,796,531
	3,168,519		3,242,834		2,816,039		2,930,176		2,669,973		590,630
	<u>7,345,700</u>		<u>5,894,974</u>		<u>4,833,839</u>		<u>4,099,230</u>		<u>7,298,077</u>		<u>10,053,068</u>
	<u>20,318,132</u>		<u>17,935,050</u>		<u>17,080,272</u>		<u>16,299,361</u>		<u>19,193,656</u>		<u>19,440,229</u>
	9,803,913		8,797,242		9,430,394		9,269,955		9,225,606		8,796,531
	3,168,519		3,242,834		2,816,039		2,930,176		2,669,973		590,630
	<u>7,345,700</u>		<u>5,894,974</u>		<u>4,833,839</u>		<u>4,099,230</u>		<u>7,298,077</u>		<u>10,053,068</u>
\$	<u>20,318,132</u>	\$	<u>17,935,050</u>	\$	<u>17,080,272</u>	\$	<u>16,299,361</u>	\$	<u>19,193,656</u>	\$	<u>19,440,229</u>

# NAVARRO COUNTY, TEXAS

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

*(Accrual Basis of Accounting)*

*(Unaudited)*

	Fiscal Year			
	2017	2016	2015	2014
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 7,163,449	\$ 7,647,872	\$ 9,829,863	\$ 5,872,106
Judicial	3,644,029	3,248,964	2,917,168	2,891,502
Public safety	14,330,396	13,370,878	12,809,589	11,743,805
Health and welfare	500,000	503,212	500,000	507,518
Roads and highways	5,827,624	7,592,634	4,954,679	5,023,067
Interest on long-term debt	309,293	287,545	314,164	197,330
Total expenses	31,774,791	32,651,105	31,325,463	26,235,328
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Fees, fines and charges for services:				
General government	1,500,684	1,577,749	1,524,324	1,449,906
Judicial	1,118,802	1,079,082	955,981	1,051,255
Public safety	423,771	506,491	555,948	546,332
Health and welfare	-	-	-	-
Roads and highways	840,960	859,288	801,772	821,436
Operating grants and contributions	3,721,451	7,351,399	7,699,167	3,573,267
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	7,605,668	11,374,009	11,537,192	7,442,196
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	( 24,169,123)	( 21,277,096)	( 19,788,271)	( 18,793,132)
Total primary government net expense	S( 24,169,123)	S( 21,277,096)	S( 19,788,271)	S( 18,793,132)

TABLE 2

	Fiscal Year					
	2013	2012	2011	2010	2009	2008
\$	5,524,778	\$ 6,422,406	\$ 5,448,604	\$ 5,117,148	\$ 5,161,840	\$ 4,965,892
	2,639,512	2,577,079	2,366,579	2,424,728	2,320,480	2,303,243
	11,475,382	11,710,531	11,736,012	11,144,461	11,031,850	10,668,710
	499,458	381,695	556,640	684,043	577,654	486,507
	4,598,346	4,678,001	4,770,681	4,616,494	4,622,991	3,882,420
	94,699	95,089	88,544	172,797	121,427	144,006
	<u>24,832,175</u>	<u>25,864,801</u>	<u>24,967,060</u>	<u>24,159,671</u>	<u>23,836,242</u>	<u>22,450,778</u>
	1,144,977	1,434,271	1,153,912	1,438,917	1,513,036	1,547,567
	1,163,573	1,062,082	1,099,509	1,205,051	1,053,547	1,242,365
	637,884	807,349	675,639	789,429	629,777	729,243
	-	-	-	-	-	-
	863,382	1,050,148	740,960	881,836	905,724	924,256
	3,102,887	3,422,795	3,739,851	3,096,307	3,202,347	3,092,844
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>359,550</u>	<u>-</u>
	<u>6,912,703</u>	<u>7,776,645</u>	<u>7,409,871</u>	<u>7,411,540</u>	<u>7,663,981</u>	<u>7,536,275</u>
	( 17,919,472)	( 18,088,156)	( 17,557,189)	( 16,748,131)	( 16,172,261)	( 14,914,503)
\$	<u>( 17,919,472)</u>	<u>( 18,088,156)</u>	<u>( 17,557,189)</u>	<u>( 16,748,131)</u>	<u>( 16,172,261)</u>	<u>( 14,914,503)</u>

**NAVARRO COUNTY, TEXAS**

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*  
*(Unaudited)*

	Fiscal Year			
	2017	2016	2015	2014
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 18,883,935	\$ 18,572,564	\$ 18,041,387	\$ 17,221,450
Sales tax	2,413,970	2,318,730	2,241,653	2,700,800
Mixed beverage	39,561	54,841	51,999	50,967
Unrestricted grants and contributions	-	-	-	-
Investment earnings	102,379	74,715	114,256	103,166
Miscellaneous	151,986	103,507	117,139	92,095
Gain from sale of capital assets	-	-	-	-
Total governmental activities	<u>21,591,831</u>	<u>21,124,357</u>	<u>20,566,434</u>	<u>20,168,478</u>
Total primary government	<u>21,591,831</u>	<u>21,124,357</u>	<u>20,566,434</u>	<u>20,168,478</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	<u>( 2,577,292)</u>	<u>( 152,739)</u>	<u>778,163</u>	<u>1,375,346</u>
Total primary government	<u>\$ ( 2,577,292)</u>	<u>\$ ( 152,739)</u>	<u>\$ 778,163</u>	<u>\$ 1,375,346</u>
Prior period adjustment/ Change in accounting principle	<u>-</u>	<u>-</u>	<u>( 333,456)</u>	<u>( 23,753)</u>

Source: Navarro County financial records

TABLE 2

		Fiscal Year									
		2013	2012	2011	2010	2009	2008				
\$	17,321,497	\$	16,697,629	\$	16,185,572	\$	15,319,390	\$	13,658,077	\$	12,640,920
	2,156,560		2,028,797		1,964,652		1,730,180		1,998,786		2,251,771
	39,558		35,789		34,685		37,202		37,065		33,948
	-		-		-		-		-		-
	85,328		79,613		71,411		32,848		79,340		280,494
	125,849		101,106		81,780		265,427		136,644		176,507
	-		-		-		-		15,776		52,706
	<u>19,728,792</u>		<u>18,942,934</u>		<u>18,338,100</u>		<u>17,385,047</u>		<u>15,925,688</u>		<u>15,436,346</u>
	<u>19,728,792</u>		<u>18,942,934</u>		<u>18,338,100</u>		<u>17,385,047</u>		<u>15,925,688</u>		<u>15,436,346</u>
	<u>1,809,320</u>		<u>854,778</u>		<u>780,911</u>		<u>636,916</u>		<u>( 246,573)</u>		<u>521,843</u>
\$	<u>1,809,320</u>	\$	<u>854,778</u>	\$	<u>780,911</u>	\$	<u>636,916</u>	\$	<u>( 246,573)</u>	\$	<u>521,843</u>
	<u>573,762</u>		<u>-</u>		<u>-</u>		<u>( 3,531,211)</u>		<u>-</u>		<u>-</u>

# NAVARRO COUNTY, TEXAS

## FUND BALANCES GOVERNMENTAL FUNDS

**LAST TEN FISCAL YEARS**  
(Modified accrual basis of accounting)  
(Unaudited)

	Fiscal Year			
	2017	2016	2015	2014
<b>General fund</b>				
Reserved for prepaid items	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated	-	-	-	-
Nonspendable	51,881	155,818	136,034	116,597
Committed	2,191,056	1,887,195	1,794,505	1,555,065
Unassigned	<u>6,211,211</u>	<u>6,882,261</u>	<u>6,463,774</u>	<u>6,865,925</u>
<b>Total general fund</b>	<u>8,454,148</u>	<u>8,925,274</u>	<u>8,394,313</u>	<u>8,537,587</u>
<b>All other governmental funds</b>				
Reserved for:				
Debt service	-	-	-	-
Capital projects fund	8,220	-	-	-
Grant expenditures	-	-	-	-
Prepaid items	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	4,860,184	-	-
Restricted	3,972,344	( 1,043,304)	5,954,054	8,526,005
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total all other governmental funds</b>	<u>\$ 3,980,564</u>	<u>\$ 3,816,880</u>	<u>\$ 5,954,054</u>	<u>\$ 8,526,005</u>

Source: Navarro County financial records

Note: In fiscal year 2011 the County implemented GASB Statement No. 54.



TABLE 3

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ -	\$ -	\$ -	\$ 215,777	\$ 184,587	\$ 214,468
-	-	-	2,942,509	2,611,547	3,286,889
135,414	174,495	193,186	-	-	-
1,060,301	818,362	744,101	-	-	-
<u>5,539,526</u>	<u>4,014,022</u>	<u>3,045,402</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,735,241</u>	<u>5,006,879</u>	<u>3,982,689</u>	<u>3,158,286</u>	<u>2,796,134</u>	<u>3,501,357</u>
-	-	-	103,316	117,781	158,929
-	-	-	354,212	353,519	349,659
-	-	-	-	-	216
-	-	-	-	3,452	-
-	-	-	2,215,786	2,020,173	1,933,319
2,950,428	2,964,017	2,527,278	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,950,428</u>	<u>\$ 2,964,017</u>	<u>\$ 2,527,278</u>	<u>\$ 2,673,314</u>	<u>\$ 2,494,925</u>	<u>\$ 2,442,123</u>

**NAVARRO COUNTY, TEXAS**

**CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**  
*(Modified accrual basis of accounting)*  
*(Unaudited)*

	Fiscal Year			
	2017	2016	2015	2014
<b>REVENUES</b>				
Property taxes	\$ 18,936,898	\$ 18,488,480	\$ 17,990,383	\$ 17,307,346
Sales tax and other	2,453,531	2,373,571	2,293,652	2,751,767
Intergovernmental	4,242,687	7,168,446	7,098,835	3,201,627
Licenses and permits	840,960	859,288	801,772	821,436
Fees of office	2,085,721	1,825,932	2,030,619	2,005,119
Fines and forfeitures	1,082,732	1,041,716	989,641	1,021,187
Interest on investments	102,379	74,715	114,256	103,166
Other	226,915	479,586	714,786	421,333
Total revenues	<u>29,971,823</u>	<u>32,311,734</u>	<u>32,033,944</u>	<u>27,632,981</u>
<b>EXPENDITURES</b>				
General government	6,406,587	6,349,701	9,398,667	5,806,092
Judicial	3,445,310	3,200,762	2,982,851	2,874,039
Public safety	12,989,948	12,449,378	12,367,418	11,030,465
Health and welfare	500,000	500,000	500,000	507,436
Roads and highways	5,064,510	6,917,665	4,345,828	4,358,484
Capital outlay	1,810,583	3,639,988	4,473,887	2,106,721
Debt service				
Principal	666,614	529,393	849,867	767,002
Interest and fiscal charges	300,608	285,919	335,851	57,072
Bond issuance costs	-	-	-	78,675
Intergovernmental	349,278	446,328	436,490	472,638
Total expenditures	<u>31,533,438</u>	<u>34,319,134</u>	<u>35,690,859</u>	<u>28,058,624</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ ( 1,561,615)</u>	<u>\$ ( 2,007,400)</u>	<u>\$ ( 3,656,915)</u>	<u>\$ ( 425,643)</u>

TABLE 4

		Fiscal Year									
		2013	2012	2011	2010	2009	2008				
\$	17,429,129	\$	16,751,283	\$	16,197,999	\$	15,136,228	\$	13,578,686	\$	12,582,395
	2,196,118		2,064,586		-		-		-		-
	2,843,181		3,327,917		5,688,961		4,829,871		5,306,197		5,365,900
	863,382		1,033,756		740,960		881,836		905,724		924,256
	2,001,608		1,984,300		1,399,448		1,694,932		1,805,455		1,932,416
	1,179,205		1,254,762		1,112,967		1,411,351		1,201,555		1,525,735
	85,328		79,610		71,405		32,837		79,338		280,371
	362,247		181,103		523,036		664,126		552,934		473,659
	<u>26,960,198</u>		<u>26,677,317</u>		<u>25,734,776</u>		<u>24,651,181</u>		<u>23,429,889</u>		<u>23,084,732</u>
	5,195,928		5,299,995		4,818,429		4,957,144		4,987,296		4,769,753
	2,638,214		2,571,547		2,361,726		2,417,668		2,313,420		2,303,243
	10,825,767		11,024,892		11,071,165		10,499,944		10,450,626		10,137,780
	500,000		381,695		556,545		683,546		577,157		486,507
	4,040,821		4,147,150		4,225,633		4,078,947		4,143,951		3,429,274
	1,533,224		568,795		1,073,119		985,149		1,246,781		321,583
	812,771		670,254		648,714		571,523		564,714		653,330
	65,021		76,632		104,333		110,943		102,557		124,645
	-		-		-		-		-		-
	495,265		489,714		424,810		143,882		115,916		146,065
	<u>26,107,011</u>		<u>25,230,674</u>		<u>25,284,474</u>		<u>24,448,746</u>		<u>24,502,418</u>		<u>22,372,180</u>
\$	<u>853,187</u>	\$	<u>1,446,643</u>	\$	<u>450,302</u>	\$	<u>202,435</u>	\$	<u>(1,072,529)</u>	\$	<u>712,552</u>

**NAVARRO COUNTY, TEXAS**

**CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**  
*(Modified accrual basis of accounting)*  
*(Unaudited)*

	Fiscal Year			
	2017	2016	2015	2014
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 420,381	\$ -	\$ -	\$ -
Transfers out	( 420,381)	-	-	-
Issuance of capital related bonds	-	-	-	7,500,000
Issuance of capital lease	1,149,854	398,399	131,807	296,103
Sale of capital assets	104,319	2,788	38,416	7,463
Total other financing sources (uses)	<u>1,254,173</u>	<u>401,187</u>	<u>170,223</u>	<u>7,803,566</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 307,442)</u>	<u>( 1,606,213)</u>	<u>( 3,486,692)</u>	<u>7,377,923</u>
<b>PRIOR PERIOD ADJUSTMENT/ CHANGE IN ACCOUNTING PRINCIPLE</b>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>( 333,456)</u>	\$ <u>( 23,753)</u>
<b>DEBT SERVICES (PRINCIPAL AND INTEREST) AS PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<u>3.26%</u>	<u>2.60%</u>	<u>3.32%</u>	<u>2.94%</u>

Source: Navarro County financial records

Note: Sales tax and other were reported as intergovernmental revenue prior to fiscal year 2012.

**TABLE 4**

		Fiscal Year					
		2013	2012	2011	2010	2009	2008
\$	-	\$	-	\$	-	\$	-
	-		-		-		-
	-		-		-		-
	831,858		-	207,484	335,790	371,479	-
	<u>29,728</u>		<u>14,286</u>	<u>20,581</u>	<u>2,316</u>	<u>48,629</u>	<u>68,706</u>
	<u>861,586</u>		<u>14,286</u>	<u>228,065</u>	<u>338,106</u>	<u>420,108</u>	<u>68,706</u>
	<u>1,714,773</u>		<u>1,460,929</u>	<u>678,367</u>	<u>540,541</u>	<u>( 652,421)</u>	<u>781,258</u>
\$	-	\$	-	\$	-	\$	-
	<u>200,708</u>		<u>200,708</u>		<u>200,708</u>		<u>200,708</u>
	<u>3.36%</u>		<u>2.96%</u>	<u>2.98%</u>	<u>2.79%</u>	<u>2.72%</u>	<u>3.48%</u>



*Navarre County Courthouse*

## NAVARRO COUNTY, TEXAS

### ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

#### LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year	Real Property			Personal Property	Less: Tax-exempt Property	Total Taxable Assessed Value <sup>a</sup>	Total Direct Tax Rate
	Residential Property	Commercial Property	Other Property				
2017	\$ 1,365,507,347	\$ 2,073,336,020	\$ 787,903,490	\$ 859,879,723	\$ 1,277,639,610	\$ 3,808,986,970	0.6270
2016	1,239,467,692	1,917,182,983	711,249,302	839,283,030	1,117,222,178	3,589,960,829	0.6270
2015	1,173,268,641	1,736,195,562	695,298,377	859,851,373	963,963,545	3,500,650,408	0.6270
2014	1,148,198,826	1,512,051,300	635,984,345	753,950,248	841,438,429	3,208,746,290	0.6270
2013	1,165,633,315	1,448,349,624	632,067,059	781,049,711	817,576,497	3,209,523,212	0.6270
2012	1,152,388,951	1,292,242,432	633,892,992	839,663,470	800,054,544	3,118,133,301	0.6270
2011	1,513,783,990	852,681,050	622,943,740	843,596,443	794,462,630	3,038,542,593	0.6270
2010	1,487,441,940	825,815,170	609,080,740	806,975,884	809,535,410	2,919,778,324	0.6270
2009	1,443,665,630	817,263,660	592,679,730	804,211,720	838,148,310	2,819,672,430	0.5754
2008	1,289,921,330	735,093,369	534,895,630	783,600,909	718,573,800	2,624,937,438	0.5828

Source: Navarro County Appraisal District

Notes:

- a - Property is assessed at actual value; therefore, the assessed values are equal to actual value.
- b - Tax rates are per \$100 of assessed value.

## NAVARRO COUNTY, TEXAS

### DIRECT AND OVERLAPPING PROPERTY TAX RATE (PER \$ 100 ASSESSED VALUE)

#### LAST TEN FISCAL YEARS (Unaudited)

	Fiscal Year			
	2017	2016	2015	2014
<b>County direct rates</b>				
General	\$ 0.4925	\$ 0.4925	\$ 0.4909	\$ 0.4909
Debt Service	0.0184	0.0184	0.0200	0.0200
Road and bridge	0.1071	0.1071	0.1071	0.1071
Flood control	0.0090	0.0090	0.0090	0.0090
Total direct rate	0.6270	0.6270	0.6270	0.6270
<b>Cities</b>				
Barry	0.4034	0.3851	0.3851	0.3851
Blooming Grove	0.4801	0.4801	0.4821	0.4821
Corsicana	0.6272	0.6272	0.6272	0.6272
Dawson	0.4234	0.4234	0.4000	0.4000
Emhouse	0.2943	0.2943	0.2943	0.2943
Frost	0.5690	0.5690	0.5573	0.5657
Goodlow	0.0897	0.0897	0.0897	0.0897
Kerens	0.6735	0.6839	0.6817	0.6817
Rice	0.5990	0.5990	0.5500	0.5351
Richland	0.2359	0.2330	0.2330	0.2330
<b>School Districts</b>				
Blooming Grove	1.1300	1.1300	1.1300	1.1300
Corsicana	1.3703	1.3703	1.2830	1.2830
Dawson	1.2922	1.2922	1.2900	1.2900
Frost	1.17425	1.2208	1.2404	1.2550
Kerens	1.4400	1.1100	1.1100	1.1100
Mildred	1.2812	1.2812	1.2812	1.2980
Rice	1.6265	1.3365	1.3800	1.4200
<b>Colleges</b>				
Navarro College	0.1218	0.1183	0.1202	0.1202

Source: Navarro County Appraisal District

Note: Overlapping rates are those of other governments that apply to property owners within Navarro County. Not all overlapping rates apply to all County property owners. For example, although the total Direct Rate for Navarro County applies to all County property owners, a specific City's tax rate applies only to those taxpayers whose property is located within the City's geographic boundaries. The Navarro College rate applies to all County property owners.



TABLE 6

		Fiscal Year							
		2013	2012	2011	2010	2009	2008		
\$	0.4909	\$	0.4909	\$	0.4909	\$	0.4509	\$	0.4583
	0.0200		0.0200		0.0200		0.0200		0.0200
	0.1071		0.1071		0.1071		0.0955		0.0955
	0.0090		0.0090		0.0090		0.0090		0.0090
	<u>0.6270</u>		<u>0.6270</u>		<u>0.6270</u>		<u>0.5754</u>		<u>0.5828</u>
	0.3851		0.3661		0.3349		0.3393		0.3237
	0.4821		0.4900		0.4900		0.4859		0.4653
	0.6272		0.6272		0.6272		0.6272		0.6272
	0.4000		0.4000		0.4000		0.3783		0.3783
	0.2943		0.2943		0.3072		0.3072		0.3072
	0.5600		0.5300		0.5000		0.5000		0.5000
	0.0897		0.0897		0.0897		0.0897		0.0897
	0.6434		0.6434		0.6434		0.6434		0.6434
	0.4999		0.4700		0.4700		0.4200		0.3700
	0.2330		0.2189		0.2056		0.2056		0.2056
	1.1300		1.1300		1.1300		1.1200		1.1200
	1.2830		1.2830		1.2830		1.2830		1.2857
	1.2900		1.2900		1.2900		1.2900		1.2900
	1.2550		1.2550		1.2550		1.2550		1.2850
	1.1100		1.1100		1.1100		1.1200		1.1227
	1.2906		1.2798		1.2798		1.2498		1.2838
	1.4200		1.4200		1.4200		1.4200		1.4200
	0.1190		0.1190		0.1190		0.1190		0.1190

TABLE 7

**NAVARRO COUNTY, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
*(Unaudited)*

Taxpayer	Property Tax Year					
	2016			2007		
	Taxable Assessed Value <sup>a</sup>	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Guardian Industries Corp.	\$ 53,276,715	1	2.03%	\$ 35,800,720	2	1.83%
Oncor Electric Delivery Co.	52,248,010	2	2.00%	-	-	-
Energy Transfer Fuel LP	47,606,870	3	1.82%	-	-	-
Nalco Co.	46,116,150	4	1.76%	-	-	-
Lone Star Transmission	44,756,720	5	1.71%	-	-	-
Seaway Crude Pipeline LP	44,330,040	6	1.69%	-	-	-
Pactiv Foam	37,706,553	7	1.44%	-	-	-
Russell Stover Candies Inc	35,939,480	8	1.37%	27,167,520	4	1.39%
Union Pacific Railroad Co	35,828,790	9	1.37%	-	-	-
Permian Express Partners	28,550,040	10	1.09%	-	-	-
TXU Electric Delivery Co	-	-	-	46,991,660	1	2.40%
Home Depot	-	-	-	32,855,120	3	1.68%
Equity Industrial Corsicana	-	-	-	26,981,150	5	1.38%
True Value Co	-	-	-	23,886,840	6	1.22%
Guardian Industries - Abated	-	-	-	20,153,050	7	1.03%
TXI Operations LP	-	-	-	18,780,460	8	0.96%
Sunoco Pipeline	-	-	-	15,376,860	9	0.79%
Magellan Midstream	-	-	-	15,205,780	10	0.78%
Total	\$ <u>426,359,368</u>		<u>16.28%</u>	\$ <u>263,199,160</u>		<u>13.46%</u>
Total taxable assessed value	\$ <u>2,618,402,761</u>		<u>100.00%</u>	\$ <u>1,958,390,830</u>		<u>100.00%</u>

Source: Navarro Central Appraisal District

TABLE 8

**NAVARRO COUNTY, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

Fiscal Year	Tax Levy as of Fiscal Year End <sup>a</sup>	Collected within the Fiscal Year of the Levy		Subsequent Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 18,667,254	\$ 18,186,299	97.42%	\$ 153,083	\$ 18,339,382	98.24%
2016	18,321,633	17,838,796	97.36%	151,249	17,990,045	98.19%
2015	18,337,365	17,493,815	95.40%	158,191	17,652,006	96.26%
2014	16,919,911	16,550,804	97.82%	164,639	16,715,443	98.79%
2013	16,978,004	16,526,542	97.34%	251,194	16,777,736	98.82%
2012	16,418,058	15,936,147	97.06%	352,559	16,288,706	99.21%
2011	15,971,578	15,029,327	94.10%	850,169	15,879,496	99.42%
2010	15,531,325	14,513,973	93.45%	942,922	15,456,895	99.52%
2009	14,028,658	13,567,457	96.71%	411,328	13,978,785	99.64%
2008	12,873,626	12,388,389	96.23%	447,925	12,836,314	99.71%
2007	11,705,948	11,393,385	97.33%	289,666	11,683,051	99.80%

Source: Navarro County Tax Assessor/Collector

Notes:

a - Tax levies consider supplemental value changes during the initial fiscal year.

TABLE 9

**NAVARRO COUNTY, TEXAS**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

**LAST TEN FISCAL YEARS**  
*(Unaudited)*

Fiscal Year	Governmental Activities		Total Long-term Debt	Percentage of Personal Income <sup>b,c</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Capital Leases			
2017	\$ 6,970,000	\$ 1,627,121	\$ 8,597,121	0.49%	176.53
2016	7,245,000	868,881	8,113,881	0.47%	167.22
2015	7,500,000	936,531	8,436,531	0.49%	174.59
2014	8,030,000	929,231	8,959,231	0.53%	185.90
2013	1,020,000	910,130	1,930,130	0.11%	40.18
2012	1,500,000	411,043	1,911,043	0.11%	39.75
2011	1,970,000	611,297	2,581,297	0.16%	53.99
2010	2,430,000	592,527	3,022,527	0.34%	63.32
2009	2,850,000	400,917	3,250,917	0.36%	65.75
2008	3,260,000	184,153	3,444,153	0.40%	70.36

Source: Navarro County financial records

Notes: a - Details regarding the County's outstanding debt can be found in the notes to the financial statements.

b - See Table 13 for personal income and population data.

## NAVARRO COUNTY, TEXAS

### RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING<sup>a</sup> LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year	General Bonded Debt Outstanding			Less: Amounts Available for Debt Service	Net General Bonded Debt	Percentage of Actual Taxable Property Value <sup>b</sup>	Per Capita <sup>c</sup>
	General Obligation Bonds	Certificates of Obligation	Total				
2017	\$ 6,970,000	\$ 1,627,121	\$ 8,597,121	\$ 6,970,000	\$ 1,627,121	0.04%	33.41
2016	7,245,000	868,881	8,113,881	63,905	8,049,976	0.22%	165.90
2015	7,500,000	936,531	8,436,531	2,243	8,434,288	0.24%	174.54
2014	8,030,000	929,231	8,959,231	99,927	8,859,304	0.28%	183.82
2013	1,020,000	910,130	1,930,130	120,433	1,809,697	0.06%	37.67
2012	1,500,000	411,043	1,911,043	91,369	1,819,674	0.06%	37.85
2011	1,970,000	611,297	2,581,297	94,083	2,487,214	0.08%	51.86
2010	2,430,000	592,527	3,022,527	107,392	2,915,135	0.10%	61.04
2009	2,850,000	400,917	3,250,917	177,069	3,073,848	0.11%	64.60
2008	3,655,000	184,153	3,839,153	143,082	3,696,071	0.14%	77.96

Source: Navarro County financial records

Notes: a - Details regarding the County's outstanding debt can be found in the notes to the financial statements.

b - See Table 5 for property value data.

c - See Table 13 for population data.



*Navarro County Courthouse*

TABLE 11

**NAVARRO COUNTY, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF SEPTEMBER 30, 2017**  
*(Unaudited)*

Taxing Jurisdiction	Percentage Overlapping Navarro County	Net Debt	Subtotals
<b>County-wide</b>			
Navarro County	100.00%	\$ 8,597,121	
<b>Total direct debt</b>	<b>100.00%</b>	<b>\$</b>	<b>8,597,121</b>
<b>Cities</b>			
Angus	100.00%	-	
Barry	100.00%	-	
Blooming Grove	100.00%	-	
Corsicana	100.00%	40,190,000	
Dawson	100.00%	137,000	
Emhouse	100.00%	-	
Eureka	100.00%	-	
Frost	100.00%	-	
Goodlow	100.00%	-	
Kerens	100.00%	-	
Mildred	100.00%	-	
Navarro Valley	100.00%	-	
Oak Valley	100.00%	-	
Powell	100.00%	-	
Retreat	100.00%	-	
Rice	100.00%	-	
Richland	100.00%	-	
Streetman	100.00%	-	
<b>Total Cities</b>	<b>100.00%</b>	<b>40,327,000</b>	
<b>School District (% of assessed value)</b>			
Blooming Grove	100.00%	1,233,270	
Bynum	1.51%	26,274	
Corsicana	99.53%	91,238,695	
Dawson	98.94%	2,922,187	
Ennis	1.33%	1,649,806	
Fairfield	6.60%	872,520	
Frost	84.95%	464,677	
Hubbard	1.18%	99,687	
Kerens	100.00%	10,640,000	
Mildred	100.00%	12,440,000	
Rice	100.00%	19,359,592	
Wortham	21.01%	1,186,015	
<b>Total School Districts</b>	<b>43.36%</b>	<b>142,132,723</b>	
<b>Colleges</b>			
Navarro College	100.00%	24,173,427	
<b>Total indirect debt</b>			<b>206,633,150</b>
<b>Total direct and overlapping debt</b>			<b>\$ 215,230,271</b>

Sources: Net debt information in this table was obtained by direct contact with each jurisdiction without further verification, except school districts. School District information obtained from TEA web site.

Note: The Percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the taxing entity's taxable value that is within the County's boundaries and dividing it by the taxing entity's total taxable assessed value.

**NAVARRO COUNTY, TEXAS  
LEGAL DEBT MARGIN INFORMATION**

**LAST TEN FISCAL YEARS  
(Unaudited)**

	Fiscal Year			
	2017	2016	2015	2014
Assessed value of real property	\$ 1,277,639,610	\$ 1,117,222,178	\$ 3,500,650,408	\$ 3,208,746,290
Debt limit rate	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>
Debt limit	<u>63,881,981</u>	<u>55,861,109</u>	<u>175,032,520</u>	<u>160,437,315</u>
Debt applicable to limit:				
Total bonded debt	6,970,000	7,245,000	7,500,000	8,030,000
Less: amount set aside for repayment	<u>62,973</u>	<u>63,905</u>	<u>2,243</u>	<u>99,927</u>
Total net debt applicable to limit	<u>6,907,027</u>	<u>7,181,095</u>	<u>7,497,757</u>	<u>7,930,073</u>
Legal debt margin	<u>\$ 56,974,954</u>	<u>\$ 48,680,014</u>	<u>\$ 167,534,763</u>	<u>\$ 152,507,242</u>
Total net debt applicable to the limit as a percentage of debt limit	10.81%	12.86%	4.28%	4.94%

Source: Navarro County financial records

Under Legislative provision, any county, any political subdivision of a county, any number of adjoining counties, or any political subdivision of the state, or any defined district now or hereafter to be described and defined within the State of Texas, and which may or may not include towns, villages, or municipal corporations, upon a vote of two-thirds majority of the resident property taxpayers voting thereon who are qualified electors of such district or territory to be affected thereby, in addition to all other debts, any issue bonds or otherwise lend its credit in any amount not to exceed one-fourth of the assessed valuation of the real property of such district or territory, except that the total bonded indebtedness of any city or town shall never exceed the limits imposed by other provisions of this Constitution, and levy and collect taxes to pay the interest thereon and provide a sinking fund for the redemption thereof.



TABLE 12

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ 3,209,523,212	\$ 3,118,133,301	\$ 3,038,542,593	\$ 2,919,778,324	\$ 2,816,672,430	\$ 2,624,937,438
<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>
<u>160,476,161</u>	<u>155,906,665</u>	<u>151,927,130</u>	<u>145,988,916</u>	<u>140,833,622</u>	<u>131,246,872</u>
1,020,000	1,500,000	1,970,000	2,430,000	2,850,000	3,655,000
<u>120,432</u>	<u>91,369</u>	<u>94,083</u>	<u>107,392</u>	<u>177,069</u>	<u>143,082</u>
<u>899,568</u>	<u>1,408,631</u>	<u>1,875,917</u>	<u>2,322,608</u>	<u>2,672,931</u>	<u>3,511,918</u>
<u>\$ 159,576,593</u>	<u>\$ 154,498,034</u>	<u>\$ 150,051,213</u>	<u>\$ 143,666,308</u>	<u>\$ 138,160,691</u>	<u>\$ 127,734,954</u>
0.56%	0.90%	1.23%	1.59%	1.90%	2.68%

## NAVARRO COUNTY, TEXAS

### DEMOGRAPHIC AND ECONOMIC STATISTICS

#### LAST TEN CALENDAR YEARS

*(Unaudited)*

Calendar Year	Estimated Population <sup>a</sup>	County				State of Texas	United States
		Personal Income (thousands of dollars) <sup>a</sup>	Per Capita Personal Income <sup>a</sup>	School Enrollment <sup>b</sup>	Unemployment Rate <sup>c</sup>	Per Capita Personal Income <sup>a</sup>	Per Capita Personal Income <sup>a</sup>
2017	48,701	\$ 1,743,642	\$ 35,803	9,984	3.60%	\$ 46,942	\$ 50,392
2016	48,523	1,719,801	35,443	9,866	4.40%	47,636	49,571
2015	48,323	1,729,577	35,792	9,866	4.10%	47,015	48,190
2014	48,195	1,700,127	35,276	9,941	4.90%	45,669	46,049
2013	48,038	1,776,685	36,985	9,768	6.70%	43,862	44,765
2012	48,077	1,731,253	36,010	9,650	8.80%	43,271	44,200
2011	47,956	1,604,752	33,463	9,666	6.10%	41,016	42,332
2010	47,760	1,522,923	31,887	9,644	9.30%	38,065	40,144
2009	47,584	1,437,513	30,210	9,493	8.30%	36,946	39,379
2008	47,408	1,439,971	30,374	9,439	5.70%	39,644	40,873

Sources:

- a - Texas Workforce Commission , U. S Census Bureau , Bureau of Economic Analysis
- b - Texas Education Agency
- c - U. S. Department of Commerce, Bureau of Economic Analysis

Certain of above data have been left blank as the information is not available to Navarro County at this time.

TABLE 14

**NAVARRO COUNTY, TEXAS**

**PRINCIPAL EMPLOYERS**

**SEPTEMBER 30, 2017**

*(Unaudited)*

Employer	Nature of Business	2017	
		Employees	Percentage of Total County Employment <sup>a</sup>
Russell Stover Candies	Candy Manufacturing	866	3.92%
Corsicana I.S.D	Government / Education	811	3.67%
Navarro College	College	568	2.57%
Watkins Construction	Energy	500	2.26%
Navarro Regional Hospital	Hospital	451	2.04%
Walmart	Retail	350	1.58%
Guardian Industries	Glass Manufacturing	329	1.49%
City of Corsicana	Government/City	284	1.29%
Navarro County	Government/County	284	1.29%
Corsicana Mattress	Mattress/Bedding	257	1.16%
Pactiv	Manufacturing	250	1.13%
Oil City Iron Works	Castings	230	1.04%
Kohl's Distribution Center	Warehousing/retail	200	0.91%
<b>Total</b>		<b>5,380</b>	<b>24.36%</b>

Source: Corsicana/Navarro County Chamber of Commerce

a - September 30, 2017, total employment per Texas Workforce Commission

22,089



*Navarro County Courthouse*

TABLE 15

**NAVARRO COUNTY, TEXAS**

**FULL TIME EMPLOYEES BY FUNCTION**

**LAST TEN FISCAL YEARS**

*(Unaudited)*

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General government</b>										
Elected/appointed officials	8	5	5	5	5	5	5	5	5	5
Clerical	37	37	38	39	38	38	37	37	36	44
Building maintenance	3	3	3	3	3	3	3	3	3	3
Environmental	-	-	1	2	2	2	2	2	2	2
<b>Judicial</b>										
Judges/justices of the peace	7	7	7	7	7	7	6	6	6	7
Criminal District Attorney	1	1	1	1	1	1	1	1	1	1
Assistant prosecutors	8	8	6	6	6	5	5	5	5	4
Paraprofessionals	5	4	5	5	5	5	5	5	4	5
Clerical	13	13	13	13	13	13	13	13	14	13
<b>Public safety</b>										
County sheriff	1	1	1	1	1	1	1	1	1	1
Constables	4	3	4	4	4	4	4	4	4	4
Patrol/CID	33	29	28	28	27	28	28	40	34	29
Jailers	70	70	62	59	61	72	72	77	67	78
Administration	12	13	11	11	10	12	12	5	7	15
Juvenile probation	1	1	1	1	1	1	1	1	1	-
Communications	13	13	13	13	13	13	13	13	13	-
<b>Health and welfare</b>										
Indigent health care	-	-	-	-	-	-	2	2	2	2
<b>Roads and highways</b>										
County Commissioners	4	4	4	4	4	4	4	4	4	4
Road employees	31	28	32	31	30	34	34	34	33	33
<b>Total</b>	<b>251</b>	<b>240</b>	<b>235</b>	<b>233</b>	<b>231</b>	<b>248</b>	<b>248</b>	<b>258</b>	<b>242</b>	<b>250</b>

Source: Navarro County Treasurer

# NAVARRO COUNTY, TEXAS

## OPERATING INDICATORS BY FUNCTION/PROGRAM

### LAST TEN FISCAL YEARS

*(Unaudited)*

Function/Program	Fiscal Year			
	2017	2016	2015	2014
<b>General Government</b>				
Auditor's office				
Accounts payable checks issued	3,322	6,781	7,146	7,146
Treasurer's office				
Payroll checks issued	807	826	912	912
Cash receipts issued	3,104	3,383	3,127	3,127
County clerk				
Marriage licenses issued	309	358	346	346
Declarations of informal marriage	12	6	17	17
Birth certificates issued	3,127	3,273	571	571
Death certificates issued	449	442	418	418
Tax office				
Title transactions	12,725	11,802	11,469	11,469
Registration transactions	242,178	50,911	51,056	51,056
Tax certificates issued	1,748	1,801	1,635	1,635
Liquor receipts issued	15	15	15	15
Beer and wine receipts issued	29	45	27	27
Elections administration				
Number of registered voters	28,000	27,738	25,924	25,924
<b>Judicial</b>				
District court				
Civil cases filed	678	642	761	761
Civil cases disposed	800	779	685	685
Criminal cases filed	385	538	522	522
Criminal cases disposed	555	556	537	537
Juvenile cases filed	10	13	18	18
Juvenile cases disposed	7	20	15	15
Statutory County court				
Civil cases filed	421	451	435	472
Civil cases disposed	439	354	435	472
Criminal cases filed	373	433	348	366
Criminal cases disposed	433	376	298	391
Juvenile cases filed	7	14	15	21
Juvenile cases disposed	21	11	17	15
County court				
Civil cases filed	231	416	88	88
Civil cases disposed	33	116	65	65
Criminal cases filed	1,812	2,507	1,581	1,581
Criminal cases disposed	1,173	2,831	1,539	1,539
Justices of the peace				
Civil cases filed	962	706	667	667
Civil cases disposed	722	653	638	638
Criminal cases filed	6,848	6,715	7,182	7,182
Criminal cases disposed	4,673	5,485	5,973	5,973

Source: Various County Departments

Notes: Miles of roadway are estimated.

TABLE 16

Fiscal Year					
2013	2012	2011	2010	2009	2008
7,652	7,374	8,474	9,232	11,576	9,389
875	1,060	1,568	1,706	1,906	2,192
3,267	3,205	3,538	2,727	2,611	2,959
420	393	400	395	380	377
9	8	9	14	4	7
489	580	474	470	650	1,864
423	422	379	393	553	451
11,480	11,324	10,554	10,079	9,873	11,343
51,123	50,368	49,015	48,819	48,746	48,077
1,734	1,768	1,569	1,602	1,496	1,731
14	22	16	25	39	32
41	40	13	11	53	45
26,947	26,631	26,448	26,233	26,949	25,067
736	821	1,264	1,377	1,413	1,422
986	920	1,035	1,401	1,330	1,307
609	705	827	777	696	730
554	829	876	873	791	814
11	32	28	51	62	41
15	18	28	55	67	44
486	342	-	-	-	-
486	342	-	-	-	-
384	224	-	-	-	-
286	121	-	-	-	-
14	20	-	-	-	-
13	14	-	-	-	-
152	109	438	183	138	109
105	301	126	144	121	94
1,769	1,781	2,937	1,382	1,476	1,948
1,649	1,755	1,833	1,702	2,074	2,054
667	625	549	475	462	764
617	452	403	402	511	491
7,295	6,255	6,813	8,130	7,246	10,256
6,136	4,539	7,285	7,915	6,563	10,595

## NAVARRO COUNTY, TEXAS

### OPERATING INDICATORS BY FUNCTION/PROGRAM

#### LAST TEN FISCAL YEARS (Unaudited)

Function/Program	Fiscal Year			
	2017	2016	2015	2014
<b>Public Safety</b>				
<b>County jail</b>				
Detention officers	70	70	68	60
Total persons jailed	3,424	3,122	3,552	3,493
Average prisoner days	236	218	200	215
Cost per prisoner day	\$ 63.90	\$ 68.75	\$ 78.84	\$ 64.29
<b>County sheriff</b>				
Administration officers	13	13	13	12
Patrol officers	22	21	21	21
Detectives	8	8	8	7
Environmental officers	-	-	-	1
Arrests - NCSO	1,587	1,551	1,738	1,690
Warrants served- NCSO	-	-	676	559
<b>Communications</b>				
Communications officers	13	13	13	12
911 calls	24,312	26,359	27,630	25,269
Calls for service	24,191	31,884	17,265	16,585
<b>NCSO vehicles</b>				
Vehicles in fleet	73	69	45	61
Miles driven	1,079,169	1,004,800	878,043	1,181,277
Average miles per vehicle	16,862	14,562	19,365	19,365
Gasoline used (gallons)	79,060	72,000	67,100	83,600
<b>Health and welfare</b>				
Number of pauper burial/cremation	3	-	-	-
<b>Indigent health care</b>				
Applications approved for assistance	-	-	-	-
<b>Texas AgriLife Extension Service</b>				
Number of educational presentations	143	346	136	136
Number of participants in educational presentations	153,486	38,443	9,191	9,191
<b>Roads and highways</b>				
Miles of roadways chip sealed	2	-	-	-
Miles of roadways reconstructed	2	10	2	2
Miles of roadways overlaid	8	2	6	6
Number of culverts installed	60	97	84	84

Source: Various County Departments

Notes: Miles of roadway are estimated.



TABLE 16

							Fiscal Year					
2013		2012		2011		2010		2009		2008		
	59		72		72		72		72		78	
	3,596		3,884		4,232		4,201		3,813		3,806	
	211		193		205		194		190		231	
\$	64.57	\$	71.13	\$	65.74	\$	71.70	\$	76.19	\$	105.33	
	13		12		12		12		12		15	
	22		21		24		24		24		24	
	7		7		7		7		7		7	
	1		2		2		2		2		2	
	1,788		1,815		1,858		1,406		1,447		1,366	
	558		538		633		699		10,954		10,915	
	12		13		13		13		13		13	
	23,368		22,798		22,777		20,532		20,792		20,585	
	16,481		16,524		16,841		17,443		18,013		17,883	
	66		66		66		66		69		56	
	916,939		885,112		878,032		932,488		920,401		959,457	
	13,893		13,411		13,304		14,129		13,945		17,133	
	65,040		68,693		67,605		64,720		61,420		57,971	
	1		-		2		6		2		5	
	-		-		-		192		155		97	
	498		581		338		332		454		243	
	9,310		16,082		11,825		20,405		16,564		9,930	
	-		16		16		1		2.0		1.6	
	1		2		30		82		12.0		3.7	
	11		7		16		35		-		33.7	
	107		91		95		47		45		49	

**NAVARRO COUNTY, TEXAS**

**CAPITAL ASSETS AND INFRASTRUCTURE STATISTICS  
BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**  
*(Unaudited)*

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General government</b>										
Courthouse	1	1	1	1	1	1	1	1	1	1
Touchscreen voting machines	150	150	147	147	140	139	135	135	135	135
Security scan systems	4	4	4	4	4	3	3	3	3	3
Annex	1	1	1	1	-	-	-	-	-	-
<b>Public safety</b>										
Justice center	1	1	1	1	1	1	1	1	1	1
Sheriff's vehicles	85	87	61	61	66	73	67	68	68	69
<b>Emergency management</b>										
Mobile command center	1	1	1	1	1	1	1	1	1	1
Emergency operations center	1	1	1	1	1	1	1	1	1	1
<b>Roads and highways</b>										
County maintenance facilities	5	5	5	5	5	5	5	5	5	4
Miles of road	916	916	916	916	916	916	916	916	916	916
Bridges	85	85	85	85	85	85	85	85	85	84

## Sources:

County Auditor - Capital Asset Listing  
 Sheriff's Office  
 Texas Department of Transportation  
 County Commissioners



**PATILLO, BROWN & HILL, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

To the Honorable County Judge  
And Commissioners' Court of  
Navarro County, Texas

We have audited the financial statements of Navarro County, Texas (the "County") as of and for the year ended September 30, 2017, and have issued our report thereon dated February 12, 2019. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated June 13, 2017, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the County solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

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**Governmental Audit  
Quality Center**

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, and, as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

As a part of the engagement we assisted in preparing the financial statements, schedule of expenditures of federal awards, and related notes to the financial statements of the City in conformity with U.S. generally accepted accounting principles and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services were not conducted in accordance with *Government Auditing Services*.

In order to ensure we maintain our independence for performing these nonaudit services certain safeguards were applied to this engagement. Management assumed responsibility for the financial statements, schedule of expenditures of federal awards, and related notes to the financial statements and any other nonaudit services we provided. Management acknowledged in the management representation letter our assistance with the preparation of the financial statements, schedule of expenditures of federal awards, and related notes to the financial statements and that these items were reviewed and approved prior to their issuance and accepted responsibility for them. Further, the nonaudit services were overseen by an individual within management that has the suitable skill, knowledge, or experience; evaluated the adequacy and results of the services; and accepted responsibility for them.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the County is included in Note I to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2017. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the useful lives of capital assets is based on the expected lifespan of the asset in accordance with standard guidelines. We evaluated the key factors and assumptions used to develop the estimate of useful lives in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the net pension liability is based on actuarial assumptions which are determined by the demographics of the plan and future projections that the actuarial makes based on historical information of the plan and the investment market. We evaluated the key factors and assumptions used to develop the net pension liability and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the allowance for uncollectible property taxes is based on a historical collections of outstanding property taxes at September 30, 2017. We evaluated the key factors and assumptions used to develop the allowance for uncollectible property taxes in determining that it is reasonable in relation to the financial statements taken as a whole.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the County's financial statements relate to the net pension liability. The disclosures in the financial statements are neutral, consistent, and clear.

#### **Significant Difficulties Encountered during the Audit**

Although we ultimately received full cooperation of management and believe that we were given direct and unrestricted access to the County's books and records, as we disclosed in the schedule of findings and questions costs, we encountered difficulties in performing and completing the audit process. Principally, these difficulties related to reconciling receivables (due from) and payables (due to) between funds. This issue, as well as, adjustments being recorded to the general ledger cash accounts subsequent to the performance of reconciling bank accounts to the general ledger added time to the audit.

#### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Material misstatements related to interfund balances and sales tax receivable detected as a result of our audit procedures were corrected by management.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the County's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter dated February 12, 2019.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. We also discussed the items included in the schedule of findings and questioned costs. None of the matters discussed resulted in a condition to our retention as the County's auditors.

We applied certain limited procedures to the management's discussion and analysis, the General Fund budgetary comparison, the Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of Employer Contributions, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on certain supplementary schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, 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 supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

#### **Restriction on Use**

This report is intended solely for the information and use of the Commissioners' Court and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
February 12, 2019







**NAVARRO COUNTY AUDITOR'S OFFICE**

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**Kaye Martin, Assistant**  
**Patty Wells, Assistant**  
**Lisa Clay, Assistant**  
**Jane Wise, Administrative Asst.**

Terri L. Gillen  
County Auditor

Phone: (903) 654-3095 Fax: (903) 654-3097

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**NAVARRO COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

None.





**NAVARRO COUNTY AUDITOR'S OFFICE**

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**Natalie Robinson**, First Assistant

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**Jane Wise**, Administrative Asst.

Terri L. Gillen  
County Auditor

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**CORRECTIVE ACTION PLAN 2017-001**

**Item 2017-001: Bank Reconciliations**

- Criteria:** Bank reconciliations should be performed for every cash account in order to prepare accurate financial statements. Reconciling cash to the general ledger is an important step in preventing material errors or fraud.
- Cause:** During our audit, we noted the County was reconciling its bank accounts to the general ledger, but adjustments were recorded to the general ledger accounts subsequent to the procedure was performed.
- Effect:** The transactions are posted to cash general ledger.
- Cause:** Certain transactions are posted to cash general ledger accounts after the bank reconciliation is performed.
- Recommendation:** All bank accounts should be reconciled to the general ledger on a timely basis, and then adjustments to those accounts should be prohibited.

**PERSON RESPONSIBLE FOR CORRECTION ACTION:** Ryan Douglas, County Treasurer

**CORRECTIVE ACTION PLANNED:** The County is in the process of implementing controls to ensure adjustments are not posted to cash subsequent to the reconciliation of bank accounts to the general ledger.

**ANTICIPATED COMPLETION DATE:** September 30, 2018

**CORRECTIVE ACTION PLAN 2017-002**

<b><u>Item 2017-002:</u></b>	<b>Due to/from Other Funds</b>
<b><u>Criteria:</u></b>	All interfund balances should be reconciled to detect errors both intentional and unintentional.
<b><u>Condition:</u></b>	The County's interfund balances were not reconciled to the general ledger.
<b><u>Cause:</u></b>	Internal controls to ensure interfund balances are reconciled properly were not implemented.
<b><u>Effect:</u></b>	The lack of controls creates an environment in which errors could go undetected within a timely manner.
<b><u>Recommendation:</u></b>	Interfund balances should be reconciled to the general ledger and reviewed on a monthly basis.

**PERSON RESPONSIBLE FOR CORRECTION ACTION:** Terri Gillen, County Auditor

**CORRECTIVE ACTION PLANNED:** In the future, management will reconcile interfund balances monthly.

**ANTICIPATED COMPLETION DATE:** September 30, 2018

**CORRECTIVE ACTION PLAN 2017-003**

<b><u>Item 2017-003:</u></b>	<b>HITDA, CFDA 95.001</b>
<b><u>Federal Grantor:</u></b>	U.S. Office of National Drug Control Policy
<b><u>Program:</u></b>	HITDA, CFDA 95.001
<b><u>Compliance Requirement:</u></b>	Reporting
<b><u>Criteria:</u></b>	Title 2 CFR 200.512 requires that the data collection form must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.
<b><u>Cause:</u></b>	There were some accounting items that needed resolved prior to issuance of report.
<b><u>Effect:</u></b>	Because the data collection form was not submitted within nine months of the audit period, the County did not comply with Title 2 CFR 200.512.

**Recommendation:**

The County should make all efforts to ensure the data collection form is submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

**PERSON RESPONSIBLE FOR CORRECTION ACTION:** Terri Gillen, County Auditor

**CORRECTIVE ACTION PLANNED:** The County is in the process of working on fiscal year 2018 information to ensure that data collection form will be filed in accordance with Title 2 CFR 200.512.

**ANTICIPATED COMPLETION DATE:** September 30, 2018



**NAVARRO COUNTY, TEXAS**

**SINGLE AUDIT REPORT**

**SEPTEMBER 30, 2017**

**NAVARRO COUNTY, TEXAS**

**SINGLE AUDIT REPORT**

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**SEPTEMBER 30, 2017**

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PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**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**

To the Honorable Judge and  
Members of the Commissioners' Court  
Navarro County, Texas

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, each major fund, and the aggregate remaining fund information of Navarro County, Texas ("the County"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 12, 2019.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2017-001 and 2017-002 to be material weaknesses.

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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County'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 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 Standards*.

### **The County's Response to Findings**

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
February 12, 2019



PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Honorable Judge and  
Members of the Commissioners' Court  
Navarro County, Texas

**Report on Compliance for Each Major Federal Program**

We have audited Navarro County, Texas' ("the County"), compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2017. The County's major federal programs are 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 programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the 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 the County'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 each major federal program. However, our audit does not provide a legal determination of the County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-003. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the County 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 the County'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 the County'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-003 that we consider to be a material weakness.

The County's response to the internal control over compliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Navarro County, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise Navarro County, Texas' basic financial statements. We issued our report thereon dated February 12, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on those financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
February 12, 2019

**NAVARRO COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Pass-through Expenditures
<b><u>U. S. Department of Transportation</u></b>				
Passed through the Texas Department of Transportation:				
Highway Planning & Construction	20.205	CSJ 0918-18-129	\$ 10,547	\$ -
Highway Planning & Construction	20.205	CSJ 1289-01-032	4,400	-
Total Highway Planning and Construction Cluster			<u>14,947</u>	<u>-</u>
Total Passed through the Texas Department of Public Transportation			<u>14,947</u>	<u>-</u>
Total U. S. Department of Transportation			<u>14,947</u>	<u>-</u>
<b><u>U. S. Office of National Drug Control Policy</u></b>				
Direct Programs:				
High Intensity Drug Trafficking Area (HIDTA)	95.001	G15NT0001A	458,307	-
High Intensity Drug Trafficking Area (HIDTA)	95.001	G16NT0001A	1,971,994	-
High Intensity Drug Trafficking Area (HIDTA)	95.001	G17NT0001A	341,410	-
Total U. S. Office of National Drug Control Policy			<u>2,771,711</u>	<u>-</u>
<b><u>U. S. Department of Homeland Security</u></b>				
Passed through the Texas Department of Public Safety:				
FEMA PA #4255	97.036	PA-06-TX-4255	172,583	-
Total Passed through the Texas Department of Public Safety			<u>172,583</u>	<u>-</u>
Total U. S. Department of Homeland Security			<u>172,583</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 2,959,241</u>	<u>\$ -</u>

**NAVARRO COUNTY, TEXAS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**SEPTEMBER 30, 2017**

**1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Navarro County, Texas, for the year ended September 30, 2017. The County's reporting entity is defined in Note 1 to the County's financial statements. Federal financial assistance received directly from federal agencies and other agencies are included in the Schedule of Expenditures of Federal Awards.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's financial statements.

**3. BASIS OF ACCOUNTING**

The County has elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance.

**NAVARRO COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Summary of Auditors' Results**

**Financial Statements:**

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Items 2017-001 and 2017-002
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

**Federal and State Awards:**

Internal control over major programs:	
Material weakness(es) identified?	Item 2017-003
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major federal and state programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance? Item 2017-003

Identification of major federal and state programs:	
CFDA Number:	Name of Federal or State Program:
95.001	High Intensity Drug Trafficking Areas Program

Dollar threshold used to distinguish between type A and type B federal and state programs	\$750,000
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Auditee qualified as low-risk auditee for federal and state single audits?	No
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**Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards**

Items 2017-001 and 2017-002

**Findings and Questioned Costs for Federal Awards**

Item 2017-003



**NAVARRO COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Item 2017-001:**

**Bank Reconciliations**

**Criteria:** Bank reconciliations should be performed for every cash account in order to prepare accurate financial statements. Reconciling cash to the general ledger is an important step in preventing material errors or fraud.

**Cause:** During our audit, we noted the County was reconciling its bank accounts to the general ledger, but adjustments were recorded to the general ledger accounts subsequent to the procedure was performed.

**Effect:** The transactions are posted to cash general ledger.

**Cause:** Certain transactions are posted to cash general ledger accounts after the bank reconciliation is performed.

**Recommendation:** All bank accounts should be reconciled to the general ledger on a timely basis, and then adjustments to those accounts should be prohibited.

**Management's Response:** The County is in the process of implementing controls to ensure adjustments are not posted to cash subsequent to the reconciliation of bank accounts to the general ledger.

**Item 2017-002:**

**Due to/from Other Funds**

**Criteria:** All interfund balances should be reconciled to detect errors both intentional and unintentional.

**Condition:** The County's interfund balances were not reconciled to the general ledger.

**Cause:** Internal controls to ensure interfund balances are reconciled properly were not implemented.

**Effect:** The lack of controls creates an environment in which errors could go undetected within a timely manner.

**Recommendation:** Interfund balances should be reconciled to the general ledger and reviewed on a monthly basis.

**Management's Response:** In the future, management will reconcile interfund balances monthly.

**NAVARRO COUNTY, TEXAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Item 2017-003:            HITDA, CFDA 95.001**

**Compliance Requirement:**        Reporting

**Criteria:**                            Title 2 CFR 200.512 requires that the data collection form must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

**Cause:**                                There were some accounting items that needed resolved prior to issuance of report.

**Effect:**                                Because the data collection form was not submitted within nine months of the audit period, the County did not comply with Title 2 CFR 200.512.

**Recommendation:**                The County should make all efforts to ensure the data collection form is submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

**Management's Response:**        The County is in the process of working on fiscal year 2018 information to ensure that data collection form will be filed in accordance with Title 2 CFR 200.512.