

# **NAVARRO COUNTY, TEXAS**

## **Comprehensive Annual Financial Report**

**For The Year Ended  
September 30, 2016**

**County Auditor's Office**



*Navarro County Courthouse*

**NAVARRO COUNTY, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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# NAVARRO COUNTY, TEXAS

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# **INTRODUCTORY SECTION**



*Navarro County Courthouse*





## NAVARRO COUNTY AUDITOR'S OFFICE

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Corsicana, Texas 75110

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

**Terri Gillen**, Internal Auditor

**Natalie Robinson**, First Assistant

**Kaye Martin**, Assistant

**Patty Wells**, Assistant

County Auditor

June 30, 2017

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, 2016. 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, 2016, 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 empresario 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** - The Downtown Historic District continues to grow and prosper year after year. New businesses added this past year are Mita's Coffee Lab, Downtown Beat Dance Studio, Lady Diana Zen Café, Mild Bill's Spices, Thrift R Us, Anna's Café, Pool Service and Sweet M's. Employment numbers continue to decline during 2016. The December 2016 unemployment rate for Corsicana was 4.1 percent, while the rate in December 2015 was 3.7 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 residents should be optimistic about the new development taking place as a result of these cooperative efforts between our local governments and concerned residents. Our local economic development team continues to work diligently to create an atmosphere that attracts the type of business and industry that will allow Navarro County to continue to build the diversified economic base necessary to support and sustain growth and prosperity.

**Major Initiatives** –The Texas Department of Transportation is investing several million dollars in Navarro County. There are three projects underway. The construction of additional lanes on Interstate 45 north of town, construction of two additional lanes south of town to the Freestone County line, and the State Highway 31 Relief Route for a total of \$255 million dollars of work currently under contract.

Polyguard announced the expansion of operations to Corsicana. The company purchased the 380,000 square foot former Anchor Glass building and will remodel it into a first class manufacturing operation. The increase in production will create at least 125 jobs and additional inventory and machinery. New construction began for a new Corsicana Independent School District Middle School adjacent to Tiger Stadium. The new school will provide classrooms and other facilities for approximately 1200 students. Centex Credit Union has made a wonderful investment in the county by constructing a state of the art financial institution. The new building was dedicated in 2016 and is a beautiful addition to the west end of town.

#### **AWARDS AND ACKNOWLEDGEMENTS**

The 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, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This is the 23rd consecutive year that Navarro County 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, whose contents conform to program standards. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate

of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 Gillen*

Terri Gillen  
Navarro County Internal Auditor



Government Finance Officers Association

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

Presented to

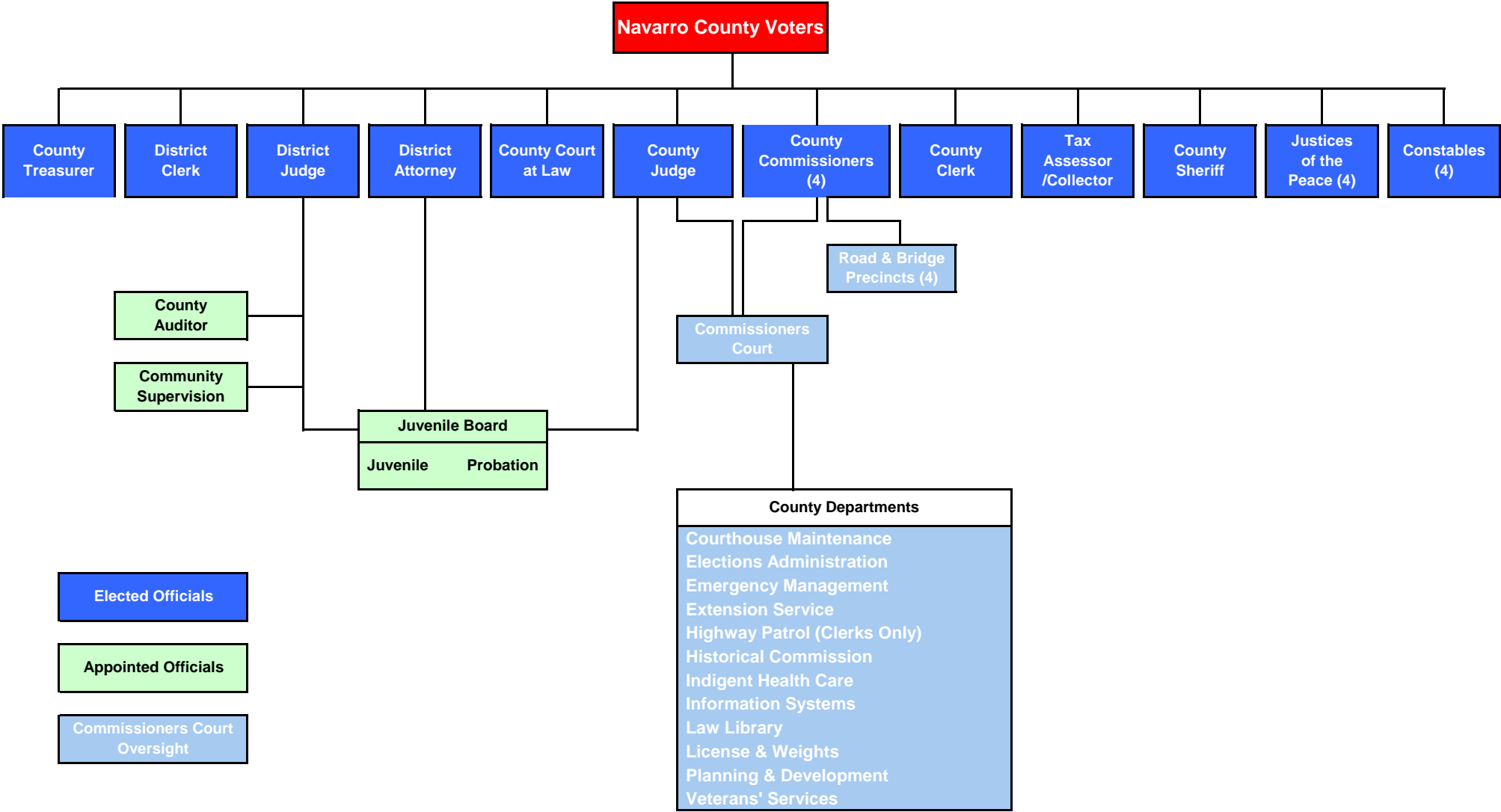
**Navarro County  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

Executive Director/CEO

**NAVARRO COUNTY, TEXAS  
ORGANIZATIONAL CHART  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**



**NAVARRO COUNTY, TEXAS**  
**PRINCIPAL OFFICIALS**  
**For the Year Ending September 30, 2016**

**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  
Vicki Gray  
Darrell Walker  
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**

Vacant \*  
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



*Navarro County Courthouse*



# **FINANCIAL SECTION**



*Navarro County Courthouse*



P A T T I L L O , B R O W N & H I L L , L . L . P .  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Honorable Judge and  
Commissioners' Court of  
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, 2016, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Navarro County, Texas, as of September 30, 2016, and the respective changes in financial position, thereof 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 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. The introductory section, combining and individual nonmajor 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.

The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 June 30, 2017, 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  
June 30, 2017



*Navarro County Courthouse*

**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**



*Navarro County Courthouse*



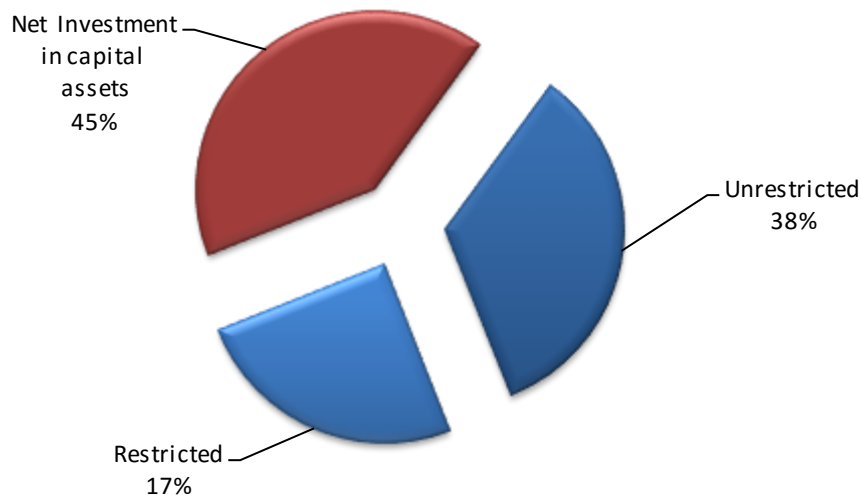
## MANAGEMENT’S DISCUSSION AND ANALYSIS

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, 2016. 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 2016 by \$22,861,632 and is reported as total net position. Of this amount, \$7,779,915 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$5,803,287 is restricted for specific purposes (restricted net position) and \$9,278,430 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 \$12,742,154 of which \$5,838,957 or 46% represents unassigned fund balances.
- At the end of the current fiscal year, the General Fund unassigned fund balance was \$6,882,261 or 35% of total General Fund expenditures.
- The County’s long-term liability increased by \$3,430,072. This increase is primarily related to the implementation of the new pension standard, GASB 68. The net pension liability at year end was \$5,610,232.

## 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 25 governmental funds, 21 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 22 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 \$22,861,632 as of September 30, 2016, an increase of \$747,200 as compared with the previous fiscal year.

The County's net position for the current fiscal year (34%) 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	
	2016	2015
Current and other assets	\$ 17,452,466	\$ 16,632,492
Capital assets	17,392,311	15,932,997
Total assets	34,844,777	32,565,489
Deferred outflows of resources	5,380,652	1,551,595
Total deferred outflows of resources	5,380,652	1,551,595
Current and other liabilities	2,447,356	1,106,114
Long-term liabilities	14,274,209	10,844,137
Total liabilities	16,721,565	11,950,251
Deferred inflows of resources	642,232	52,401
Total deferred inflows of resources	642,232	52,401
Net position:		
Net investment		
in capital assets	9,278,430	9,958,598
Restricted	5,803,287	3,862,529
Unrestricted	7,779,915	8,293,305
Total net position	\$ 22,861,632	\$ 22,114,432

Assets as of September 30, 2016, reflect an increase of \$2,279,288, (7%) over assets at the end of fiscal year 2015. Cash and investments increased by \$4,234,194 (31%) as compared to the previous year. The increase in cash and investments is the result of the County increasing revenues. Total assets increased as a result of grants and contributions restricted for courthouse restoration. Of Navarro County's total assets, the largest components are 1) cash and investments of \$13,543,756, (39%), 2) property taxes receivable of \$1,217,573, (3%), 3) due from other governments of \$1,878,478 (5%) and 4) capital assets of \$17,392,311, (50%). Capital assets are non-liquid assets and cannot be utilized to satisfy County obligations.

Total liabilities increased \$4,771,314, (40%) in comparison with fiscal year 2015 due the increase of the net pension liability. Navarro County’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,861,632 at the close of the fiscal year. Of this amount, \$5,803,287, (25%) 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, \$9,278,430, (41%) 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 \$7,779,915, (34%) represents unrestricted net position, which may be used to meet the County’s ongoing obligations to citizens and creditors.

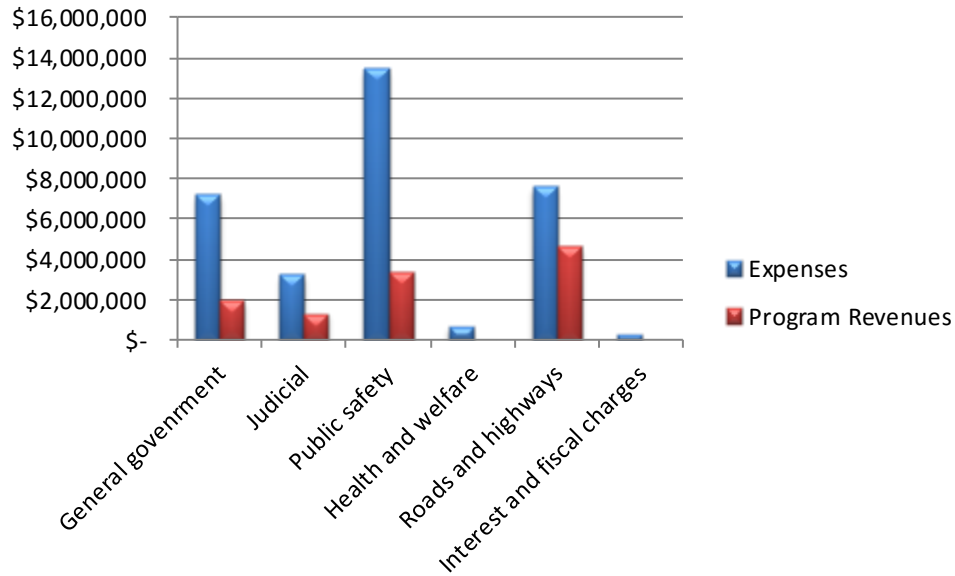
At the end of the current fiscal year, the County reported positive net position in all three categories of net position for its governmental activities.

**Governmental Activities.** Governmental activities increased the County’s net position by \$747,200 during the current fiscal year. Key elements of this increase are as follows:

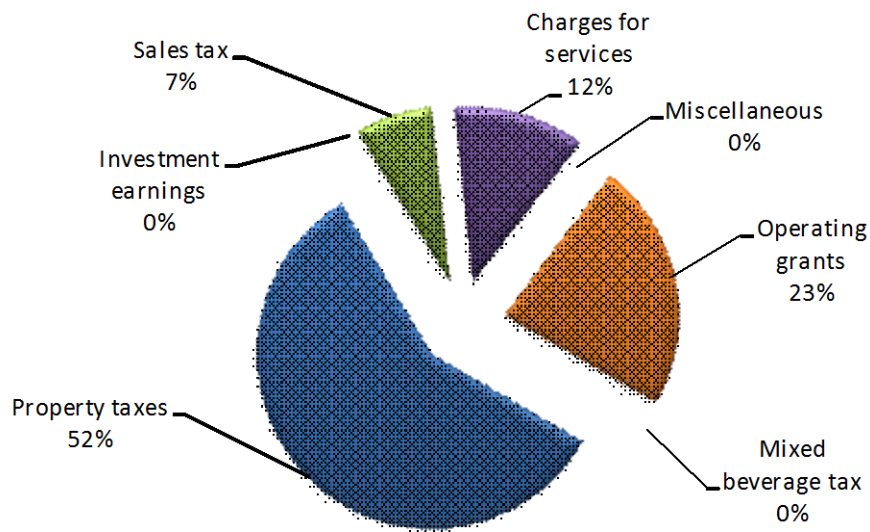
### NAVARRO COUNTY’S CHANGES IN NET POSITION

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 4,022,610	\$ 3,838,025
Operating grants and contributions	7,351,399	7,699,167
General revenues:		
Property taxes	18,572,564	18,041,387
Sales tax	2,318,730	2,241,653
Taxes from the sale of alcohol	54,841	51,999
Interest on investments	74,715	114,256
Miscellaneous	103,507	117,139
Total revenues	33,398,305	32,103,626
Expenses:		
General government	7,647,872	9,829,863
Judicial	3,248,964	2,917,168
Public safety	13,370,878	12,809,589
Health and welfare	503,212	500,000
Roads and highways	7,592,634	4,954,679
Interest and other charges on long-term debt	287,545	314,164
Total expenses	32,651,105	31,325,463
Change in net position	747,200	778,163
Net position, beginning	22,114,432	21,669,725
Prior period adjustment	-	( 333,456)
Net position, ending	\$ 22,861,632	\$ 22,114,432

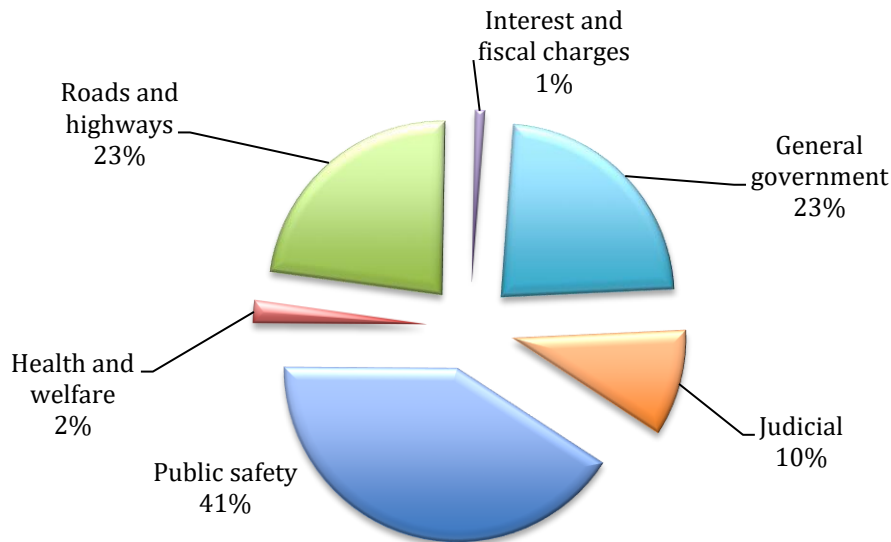
Charges for services increased \$184,585 (5%). Operating grants and contributions decreased by \$347,768 (5%), property taxes increased by \$531,177 (3%) and sales tax revenue increased by \$77,077 (3%), resulting in an increase in total revenues of \$1,294,679 (4%). The increase in property taxes is the result of an increase in the taxable value of property in Navarro County and the increase in operating grants and contributions relates to the courthouse restoration project.



### 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, 2016, the County's governmental funds reported combined ending fund balances of \$12,742,154 a decrease of \$1,606,213 in comparison with the prior year. Approximately \$5,838,957 (46%) 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 (\$849,464), road and bridge (\$2,255,768), public safety (\$586,690), records management and preservation (\$383,564), court security and technology (\$119,758) debt service (\$63,904), Capital Projects (\$601,036), prepaid items (\$155,818), and subsequent year's budget (\$1,887,195).

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 \$6,882,261, while total fund balance reached \$8,925,274. The fund balance of the County's General Fund increased \$530,961 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 decreased by \$3,680,504 to \$2,270,476 at year end.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original expenditure budget and the final amended budget of the General Fund are presented in the required supplementary section. No significant budget amendments were made during the year.

During the year, budgetary estimates were exceeded by actual revenues by \$713,327. Actual expenditures were less than budgetary estimates by \$1,596,489. The net effect of over-realization of revenue and under-utilization of appropriations resulted in a positive variance of \$2,309,816.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

Navarro County’s investment in capital assets for its governmental type activities as of September 30, 2016, amounts to \$17,392,311 (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	
	2016	2015
Land	\$ 1,240,126	\$ 1,240,126
Construction in progress	7,883,529	5,789,776
Buildings and improvements	3,280,781	3,640,869
Machinery and equipment	3,350,796	3,539,596
Infrastructure	<u>1,637,079</u>	<u>1,722,630</u>
Total capital assets	<u>\$ 17,392,311</u>	<u>\$ 15,932,997</u>

Major capital asset events during the current fiscal year included:

- The purchase of various vehicles and equipment at a total cost of \$545,180.
- The purchase of a sheriff’s building at a total cost of \$76,689.
- Restoration of the courthouse using grant funds at total cost of \$2,093,753.

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, 2016, the County had total long-term debt outstanding of \$14,274,209. 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	
	2016	2015
General obligation bonds	\$ 7,245,000	\$ 7,500,000
Capital leases	868,881	744,875
Compensated absences	195,777	172,734
Net pension liability	5,610,232	2,117,351
OPEB obligation	<u>354,319</u>	<u>309,177</u>
	<u>\$ 14,274,209</u>	<u>\$ 10,844,137</u>

The net amount of general obligation bonds and capital leases decreased by \$130,994, this decrease is a result of a decrease in bonds in the amount of \$255,000. 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, 2017, on September 26, 2016. The budget was adopted based on estimated balances that would be available at the end of fiscal year 2016 and estimated revenues to be received in fiscal year 2017. The total available resources for all funds for fiscal year 2017 are \$12,156,815. For the County's General Fund, the 2017 budget utilizes \$1,887,196 of available funds.

The 2016 property tax rate was \$0.6270/\$100 valuation, the same rate as the previous year. As a result of a 0.36% increase in taxable value, the County expects tax revenue collected during fiscal year 2017 to increase 1.04% from projected collections for fiscal year 2016. Additionally, the County's budget anticipates all other sources of revenue will remain at approximately the same levels as fiscal year 2016.

### 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*

**BASIC  
FINANCIAL STATEMENTS**



*Navarro County Courthouse*

# NAVARRO COUNTY, TEXAS

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2016

### ASSETS

Cash	\$ 12,191,316
Investments	1,352,440
Accounts receivable, net	608,861
Property taxes receivable, net	1,217,573
Due from other governments	1,878,478
Prepaid items	203,798
Capital assets, net:	
Nondepreciable	9,123,655
Depreciable	8,268,656
Total assets	<u>34,844,777</u>

### DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	<u>5,380,652</u>
Total deferred outflows of resources	<u>5,380,652</u>

### LIABILITIES

Accounts payable	2,285,760
Accrued liabilities	8,106
Due to other governments	116,028
Accrued interest	37,462
Noncurrent liabilities:	
Due within one year	596,187
Due in more than one year	13,678,022
Total liabilities	<u>16,721,565</u>

### DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	<u>642,232</u>
Total deferred inflows of resources	<u>642,232</u>

### NET POSITION

Net investment in capital assets	9,278,430
Restricted for:	
Flood protection projects	864,752
Repairs and construction of roads and bridges	2,434,928
Law enforcement	586,690
Records management and preservation	383,564
Court security and technology	119,758
Debt service	63,251
Capital projects-courthouse restoration	1,350,344
Unrestricted	<u>7,779,915</u>
Total net position	<u>\$ 22,861,632</u>

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



*Navarro County Courthouse*

# NAVARRO COUNTY, TEXAS

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenues and Changes in Net Position
		Fines, Fees, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Primary government</b>					
Governmental activities:					
General government	\$ 7,647,872	\$ 1,577,749	\$ 427,740	\$ -	\$( 5,642,383)
Judicial	3,248,964	1,079,082	214,094	-	( 1,955,788)
Public safety	13,370,878	506,491	2,913,106	899,939	( 9,051,342)
Health and welfare	503,212	-	-	-	( 503,212)
Roads and highways	7,592,634	859,288	3,796,459	-	( 2,936,887)
Interest and other charges on long-term debt	287,545	-	-	-	( 287,545)
Total governmental activities	32,651,105	4,022,610	7,351,399	899,939	( 20,377,157)
 Total primary government	 \$ 32,651,105	 \$ 4,022,610	 \$ 7,351,399	 \$ 899,939	 ( 20,377,157)
 General revenues:					
Taxes:					
Property					18,572,564
Sales					2,318,730
Mixed beverage					54,841
Interest on investments					74,715
Miscellaneous					103,507
Total general revenues					21,124,357
Change in net position					747,200
Net position, beginning					22,114,432
Net position, ending					\$ 22,861,632

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

# NAVARRO COUNTY, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016

	General	HIDTA	Capital Projects	Other Governmental Funds	Total
<b>ASSETS</b>					
Cash	\$ 9,152,231	\$ 123	\$ 175,507	\$ 2,863,455	\$ 12,191,316
Investments	830,629	-	10,193	511,618	1,352,440
Accounts receivable, net	531,621	-	-	77,240	608,861
Property taxes receivable, net	953,597	-	-	263,976	1,217,573
Due from other governments	530,990	464,113	749,308	134,067	1,878,478
Prepaid items	155,818	43,737	-	4,243	203,798
Due from other funds	1,384,200	-	-	2,441,236	3,825,436
Total assets	<u>13,539,086</u>	<u>507,973</u>	<u>935,008</u>	<u>6,295,835</u>	<u>21,277,902</u>
<b>LIABILITIES</b>					
Accounts payable	729,331	165,579	630,434	760,416	2,285,760
Accrued liabilities	7,364	-	-	742	8,106
Due to other governments	116,028	-	-	-	116,028
Due to other funds	2,441,236	342,394	598,570	443,236	3,825,436
Total liabilities	<u>3,293,959</u>	<u>507,973</u>	<u>1,229,004</u>	<u>1,204,394</u>	<u>6,235,330</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	1,319,853	-	749,308	231,257	2,300,418
Total deferred inflows of resources	<u>1,319,853</u>	<u>-</u>	<u>749,308</u>	<u>231,257</u>	<u>2,300,418</u>
<b>FUND BALANCES</b>					
Nonspendable-prepaid items	155,818	-	-	-	155,818
Restricted for:					
Flood protection projects	-	-	-	849,464	849,464
Repairs and construction of roads and bridges	-	-	-	2,255,768	2,255,768
Law enforcement	-	-	-	586,690	586,690
Records management and preservation	-	-	-	383,564	383,564
Court security and technology	-	-	-	119,758	119,758
Debt service	-	-	-	63,904	63,904
Capital projects - courthouse restoration	-	-	-	601,036	601,036
Committed for subsequent year's budget	1,887,195	-	-	-	1,887,195
Unassigned	6,882,261	-	( 1,043,304)	-	5,838,957
Total fund balances	<u>8,925,274</u>	<u>-</u>	<u>( 1,043,304)</u>	<u>4,860,184</u>	<u>12,742,154</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,539,086</u>	<u>\$ 507,973</u>	<u>\$ 935,008</u>	<u>\$ 6,295,835</u>	<u>\$ 21,277,902</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, 2016

Total fund balances - governmental funds balance sheet \$ 12,742,154

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.

17,392,311

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	\$( 37,462)	
Bonds payable	( 7,245,000)	
Capital leases payable	( 868,881)	
Compensated absences	( 195,777)	
Deferred outflow related to pensions	5,380,652	
Deferred inflow related to pensions	( 642,232)	
Net pension liability	( 5,610,232)	
Net OPEB obligation	( 354,319)	
Total long-term liabilities		( 9,573,251)

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

Fines and court costs	485,527	
Property taxes	1,065,583	
Grants	749,308	
Total long-term assets		<u>2,300,418</u>

Net position of governmental activities \$ 22,861,632

**NAVARRO COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	General	HIDTA	Capital Projects	Other Governmental Funds	Total Governmental
<b>REVENUES</b>					
Property taxes	\$ 14,488,267	\$ -	\$ -	\$ 4,000,213	\$ 18,488,480
Sales and other taxes	2,373,571	-	-	-	2,373,571
Intergovernmental	574,833	2,801,418	150,631	3,641,564	7,168,446
License and permits	-	-	-	859,288	859,288
Fees of office	1,642,188	-	-	183,744	1,825,932
Fines and forfeitures	639,189	-	-	402,527	1,041,716
Interest on investments	58,373	3	1,286	15,053	74,715
Other	228,142	-	-	251,444	479,586
Total revenues	<u>20,004,563</u>	<u>2,801,421</u>	<u>151,917</u>	<u>9,353,833</u>	<u>32,311,734</u>
<b>EXPENDITURES</b>					
Current:					
General government	5,574,273	-	634,059	141,369	6,349,701
Judicial	3,058,786	-	-	141,976	3,200,762
Public safety	9,656,258	2,793,120	-	-	12,449,378
Health and welfare	500,000	-	-	-	500,000
Roads and highways	-	-	-	6,917,665	6,917,665
Debt service:					
Principal	11,542	-	-	517,851	529,393
Interest and other	582	-	-	285,337	285,919
Capital outlay	263,577	8,301	2,831,638	536,472	3,639,988
Intergovernmental:					
Tax increment reinvestment	411,372	-	-	34,956	446,328
Total expenditures	<u>19,476,390</u>	<u>2,801,421</u>	<u>3,465,697</u>	<u>8,575,626</u>	<u>34,319,134</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>528,173</u>	<u>-</u>	<u>( 3,313,780)</u>	<u>778,207</u>	<u>( 2,007,400)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	2,788	-	-	-	2,788
Issuance of capital lease	-	-	-	398,399	398,399
Total other financing sources and uses	<u>2,788</u>	<u>-</u>	<u>-</u>	<u>398,399</u>	<u>401,187</u>
<b>NET CHANGE IN FUND BALANCES</b>	530,961	-	( 3,313,780)	1,176,606	( 1,606,213)
<b>FUND BALANCES, BEGINNING</b>	<u>8,394,313</u>	<u>-</u>	<u>2,270,476</u>	<u>3,683,578</u>	<u>14,348,367</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 8,925,274</u>	<u>\$ -</u>	<u>\$( 1,043,304)</u>	<u>\$ 4,860,184</u>	<u>\$ 12,742,154</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, 2016

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

Net change in fund balances - total governmental funds	\$(1,606,213)
--------------------------------------------------------	---------------

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	\$ 2,957,446	
Retirement of capital assets	( 11,500)	
Depreciation expense	<u>( 1,486,632)</u>	
Net adjustment		1,459,314

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

Repayments:		
Certificates of obligation	255,000	
Capital lease	<u>274,393</u>	
Net adjustment		529,393

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	253,179	
Property taxes	84,084	
Courthouse restoration	<u>749,308</u>	
Net adjustment		1,086,571

Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are normally paid with expendable, available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized as an expenditure under the modified accrual basis of accounting until due, rather than as it accrues.

Interest on long-term debt	( 1,626)	
Compensated absences	( 23,043)	
OPEB cost	( 45,142)	
Pension cost	<u>( 253,655)</u>	
Net adjustment		<u>( 323,466)</u>

Change in net position of governmental activities	\$ <u>747,200</u>
---------------------------------------------------	-------------------

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

**NAVARRO COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**SEPTEMBER 30, 2016**

**ASSETS**

Cash	\$ 4,695,201
Investments	<u>496,741</u>
Total assets	<u>5,191,942</u>

**LIABILITIES**

Due to others	<u>5,191,942</u>
Total liabilities	<u>\$ 5,191,942</u>

# NAVARRO COUNTY, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

### 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, 2016.

#### 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.

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.

Investments for the County are reported at fair value, except for the position in investment pools. The County's investment in pools are 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

## **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:

Assets	Years
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.
- Changes in actuarial assumptions – This difference is deferred and amortized over a closed 6 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 TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. 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.

## ***12. Deficit Fund Balance***

At year-end the Capital Projects fund, a major fund, has a deficit fund balance of \$1,043,304. All deficits will be covered by resources from the General Fund or the State grant for courthouse restoration.

## II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### A. Cash and Investments

As of September 30, 2016, the County had the following investments:

<u>Investment Type</u>	<u>Reported Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool Prime	\$ 1,847,424	48

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 operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**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, 2016, 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. The County’s investment pool is rated AAAm by Standard & Poor’s Investors Service.

## **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, 2016.

Property taxes receivable:	
General fund	\$ 1,023,368
Road and bridge funds	219,835
Debt service fund	44,735
Flood control fund	18,720
Less: allowance for uncollectibles	<u>( 89,085)</u>
	<u>\$ 1,217,573</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 2015 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	\$ 46,424	\$ 77,240	\$ 123,664
Court fines	<u>24,259,860</u>	<u>-</u>	<u>24,259,860</u>
	<u>24,306,284</u>	<u>77,240</u>	<u>24,383,524</u>
Less: allowance for uncollectibles	<u>( 23,774,663)</u>	<u>-</u>	<u>( 23,774,663)</u>
Total	<u>\$ 531,621</u>	<u>\$ 77,240</u>	<u>\$ 608,861</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	\$	834,326
Court fines		<u>485,527</u>
Total general fund		<u>1,319,853</u>
Capital projects		
Courthouse restoration grant		<u>749,308</u>
Total capital projects fund		<u>749,308</u>
Nonmajor governmental funds		
Delinquent property taxes		<u>231,257</u>
Total nonmajor governmental funds		<u>231,257</u>
Total governmental funds	\$	<u>2,300,418</u>

### C. Capital Assets

Capital asset activity for the year ended September 30, 2016, is 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>5,789,776</u>	<u>2,093,753</u>	<u>-</u>	<u>7,883,529</u>
Total assets not being depreciated	<u>7,029,902</u>	<u>2,093,753</u>	<u>-</u>	<u>9,123,655</u>
Capital assets, being depreciated:				
Buildings and improvements	13,864,439	76,689	-	13,941,128
Machinery and equipment	10,030,273	545,181	198,012	10,377,442
Infrastructure	<u>24,592,455</u>	<u>241,823</u>	<u>-</u>	<u>24,834,278</u>
Total capital assets being depreciated	<u>48,487,167</u>	<u>863,693</u>	<u>198,012</u>	<u>49,152,848</u>
Less accumulated depreciation:				
Buildings and improvements	( 10,223,570)	( 436,777)	-	( 10,660,347)
Machinery and equipment	( 6,490,677)	( 722,481)	( 186,512)	( 7,026,646)
Infrastructure	<u>( 22,869,825)</u>	<u>( 327,374)</u>	<u>-</u>	<u>( 23,197,199)</u>
Total accumulated depreciation	<u>( 39,584,072)</u>	<u>( 1,486,632)</u>	<u>( 186,512)</u>	<u>( 40,884,192)</u>
Total capital assets being depreciated, net	<u>8,903,095</u>	<u>( 622,939)</u>	<u>11,500</u>	<u>8,268,656</u>
Governmental activities capital assets, net	<u>\$ 15,932,997</u>	<u>\$ 1,470,814</u>	<u>\$ 11,500</u>	<u>\$ 17,392,311</u>



Depreciation expense for fiscal year 2016 was charged to functions and programs of the County as follows:

General government	\$ 101,815
Public safety	750,246
Roads and highways	<u>634,571</u>
	<u>\$ 1,486,632</u>

**D. Interfund Receivables and Payables**

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	\$ 342,394
General	Nonmajor governmental	443,236
General	Capital projects	598,570
Nonmajor governmental	General	<u>2,441,236</u>
		<u>\$ 3,825,436</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.

**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%	\$ 7,245,000

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>	
2017	\$ 275,000	\$ 262,978	\$ 537,978
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
2022-2026	1,880,000	888,555	2,768,555
2027-2031	2,260,000	506,530	2,766,530
2032-2036	<u>1,575,000</u>	<u>88,892</u>	<u>1,663,892</u>
Total	<u>\$ 7,245,000</u>	<u>\$ 2,688,328</u>	<u>\$ 9,933,328</u>

Capital lease obligations as of September 30, 2016, are composed of the following individual issues:

Equipment lease with the original principal amount of \$185,448; payable in monthly installments of \$3,306, including principal and interest at 2.67%, due June 10, 2018; secured by one Caterpillar motor grader purchased during fiscal year 2013.	\$ 67,548
Equipment lease with the original principal amount of \$189,682; payable in monthly installments of \$3,389, including principal and interest at 2.76%, due September 24, 2017; secured by one Caterpillar motor grader purchased in fiscal year 2013.	38,982
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.	67,778
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.	94,308
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.	132,585
Equipment lease with the original principal amount of \$43,105; payable in yearly installments of \$15,127, including principal and interest at 2.68%, due April 1, 2017; secured by one Trail King Hydra Trail Trailer purchased during fiscal year 2014.	14,722
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.	91,853
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.	124,205
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.	115,742
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.	<u>121,158</u>
Total capital leases	<u>\$ 868,881</u>

The capital assets acquired through capital leases are as follows:

	Governmental Activities
Machinery and equipment	\$ 2,491,388
Less: accumulated depreciation	<u>( 1,004,444)</u>
	<u>\$ 1,486,944</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>
2017	\$ 282,032	\$ 20,279	\$ 302,311
2018	219,591	13,011	232,602
2019	208,529	7,210	215,739
2020	157,482	3,530	161,012
2021	<u>1,247</u>	<u>124</u>	<u>1,371</u>
	<u>\$ 868,881</u>	<u>\$ 44,154</u>	<u>\$ 913,035</u>

### **Changes in Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2016, was as follows:

	<u>Balance 09/30/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 09/30/16</u>	<u>Due Within One Year</u>
G.O. Bonds	\$ 7,500,000	\$ -	\$ 255,000	\$ 7,245,000	\$ 275,000
Capital leases	744,875	398,399	274,393	868,881	282,032
Compensated absences	172,734	450,244	427,201	195,777	39,155
Net pension liability	2,117,351	4,893,170	1,400,289	5,610,232	-
OPEB obligation	<u>309,177</u>	<u>78,389</u>	<u>33,247</u>	<u>354,319</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 10,844,137</u>	<u>\$ 5,820,202</u>	<u>\$ 2,390,130</u>	<u>\$ 14,274,209</u>	<u>\$ 596,187</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 2015 or 2016.

### **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. 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. Updated annuity purchase rates will go into effect for post-2017 benefit accruals earned after 2017. Benefits accrued before 2018 will not be impacted by this update. This change was reflected in the 2015 actuarial valuation.

### ***Employees covered by benefit terms***

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	159
Inactive employees entitled to but not yet receiving benefits	120
Active employees	<u>309</u>
	<u>588</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 10.68% and 10.44% in calendar years 2015 and 2016, respectively. The County's contributions to TCDRS for the year ended September 30, 2016, were \$1,400,891, and were equal to the required contributions.

### **Net Pension Liability**

The County's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015, 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	8.1%, net of pension plan investment expense, including inflation

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, 2015, 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 2015 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 application of the investment return assumption was changed for purposes of determining plan liabilities in the 2015 actuarial valuation. All plan liabilities are now valued using an 8% discount rate. Previously, some liabilities were valued using a 7% discount rate and others were valued using a 9% discount rate.

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 2016 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	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	5.45%
International Equities - Emerging	MSCI World Ex USA (net)	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.00%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%

<sup>(1)</sup> Target asset allocation adopted at the April 2016 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return in addition to assumed inflation of 1.6% per Cliffwater's 2016 capital market assumption.

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

<sup>(4)</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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2014	\$ 54,991,532	\$ 52,874,181	\$ 2,117,351
Changes for the year:			
Service cost	1,700,388	-	1,700,388
Interest on total pension liability <sup>(1)</sup>	4,430,218	-	4,430,218
Effect of plan changes <sup>(2)</sup>	( 295,376)	-	( 295,376)
Effect of economic/demographic gains or losses	( 720,373)	-	( 720,373)
Effect of assumptions changes or inputs	648,765	-	648,765
Refund of contributions	( 276,522)	( 276,522)	-
Benefit payments	( 2,383,989)	( 2,383,989)	-
Administrative expenses	-	( 37,897)	37,897
Member contributions	-	915,051	( 915,051)
Net investment income	-	25,949	( 25,949)
Employer contributions	-	1,396,086	( 1,396,086)
Other <sup>(3)</sup>	-	( 28,448)	28,448
Balance at 12/31/2015	<u>\$ 58,094,643</u>	<u>\$ 52,484,411</u>	<u>\$ 5,610,232</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	1% Increase
	7.1%	Discount Rate 8.1%	9.1%
Total pension liability	\$ 65,763,469	\$ 58,094,643	\$ 51,718,538
Fiduciary net position	<u>52,484,411</u>	<u>52,484,411</u>	<u>52,484,411</u>
Net pension liability/(asset)	<u>\$ 13,279,058</u>	<u>\$ 5,610,232</u>	<u>\$ ( 765,873)</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, 2016, the County recognized pension expense of \$1,650,344. At September 30, 2016, 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	\$ -	\$ 642,232
Changes in actuarial assumptions	540,638	-
Difference between projected and actual investment earnings	3,826,942	-
Contributions subsequent to the measurement date	<u>1,013,072</u>	<u>-</u>
Total	<u>\$ 5,380,652</u>	<u>\$ 642,232</u>

\$1,013,072 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>	
2017	\$ 968,016	
2018	968,016	
2019	968,016	
2020	833,235	
2021	( 11,935)	

#### **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	<u>2016</u>
Annual Required Contribution (ARC)	\$ 77,366
Interest on Net OPEB Obligation	13,913
Adjustment to the ARC	<u>( 12,890)</u>
Annual OPEB Cost	78,389
Contributions Made	<u>( 33,247)</u>
Increase in Net OPEB Obligation	45,142
Net OPEB Obligation, beginning of year	<u>309,177</u>
Net OPEB Obligation, ending of year	<u><u>\$ 354,319</u></u>

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, 2014, 2015 and 2016, are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Employer Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
09/30/2014	\$ 69,849	\$ 46,531	66.6%	\$ 264,236
09/30/2015	75,987	31,046	40.9%	309,177
09/30/2016	78,389	33,247	42.4%	354,319

*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
12/31/2014	\$ -	\$ 601,738	\$ 601,738	0.0%	\$ 12,334,580	4.88%

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	3.00% per annum
Investment rate of return	4.50%, net of expenses
Actuarial cost method	Projected unit credit 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 7.25 declining to an ultimate rate of 4.50% after 14 years

**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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 14,407,000	\$ 14,407,000	\$ 14,488,267	\$ 81,267
Sales and other taxes	2,247,500	2,247,500	2,373,571	126,071
Intergovernmental	386,636	386,636	574,833	188,197
Fees of office	1,576,750	1,576,750	1,642,188	65,438
Fines and forfeitures	497,500	497,500	639,189	141,689
Interest on investments	60,000	60,000	58,373	( 1,627)
Other	115,850	115,850	228,142	112,292
Total revenues	<u>19,291,236</u>	<u>19,291,236</u>	<u>20,004,563</u>	<u>713,327</u>
<b>EXPENDITURES</b>				
General government:				
Salaries	2,380,033	2,380,033	2,201,159	178,874
Benefits	1,010,957	1,010,957	918,693	92,264
Supplies	213,889	213,889	174,592	39,297
Other services	2,705,488	2,705,488	2,279,829	425,659
Debt service	6,159	6,159	12,124	( 5,965)
Intergovernmental	461,000	461,000	411,372	49,628
Total general government	<u>6,777,526</u>	<u>6,777,526</u>	<u>5,997,769</u>	<u>779,757</u>
Judicial:				
Salaries	1,888,093	1,888,093	1,777,687	110,406
Benefits	560,478	560,478	538,054	22,424
Supplies	50,564	50,564	41,454	9,110
Other services	698,987	698,987	701,591	( 2,604)
Total judicial	<u>3,198,122</u>	<u>3,198,122</u>	<u>3,058,786</u>	<u>139,336</u>
Public safety:				
Salaries	5,770,972	5,770,972	5,488,018	282,954
Benefits	2,546,874	2,546,874	2,364,764	182,110
Supplies	742,748	742,748	692,847	49,901
Other services	1,221,547	1,221,547	1,110,629	110,918
Capital outlay	315,090	315,090	263,577	51,513
Total public safety	<u>10,597,231</u>	<u>10,597,231</u>	<u>9,919,835</u>	<u>677,396</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>21,072,879</u>	<u>21,072,879</u>	<u>19,476,390</u>	<u>1,596,489</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	( 1,781,643)	( 1,781,643)	528,173	2,309,816
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	6,500	6,500	2,788	( 3,712)
Total other financing sources and uses	<u>6,500</u>	<u>6,500</u>	<u>2,788</u>	<u>3,712</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 1,775,143)	( 1,775,143)	530,961	2,313,528
<b>FUND BALANCES, BEGINNING</b>	<u>8,394,313</u>	<u>8,394,313</u>	<u>8,394,313</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 6,619,170</u>	<u>\$ 6,619,170</u>	<u>\$ 8,925,274</u>	<u>\$ 2,306,104</u>

# NAVARRO COUNTY, TEXAS

## NOTES TO BUDGETARY SCHEDULE

SEPTEMBER 30, 2016

### A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the HIDTA 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, 2016

<b>Plan Year Ended December 31</b>	<u><b>2014</b></u>	<u><b>2015</b></u>
<b>Total Pension Liability</b>		
Service Cost	\$ 1,637,150	\$ 1,700,388
Interest total pension liability	4,156,387	4,430,218
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)
Benefit payments/refunds of contributions	<u>( 2,452,066)</u>	<u>( 2,660,511)</u>
Net change in total pension liability	3,278,590	3,103,111
Total pension liability - beginning	<u>51,712,942</u>	<u>54,991,532</u>
Total pension liability - ending (a)	<u><u>\$ 54,991,532</u></u>	<u><u>\$ 58,094,643</u></u>
<b>Plan Fiduciary Net Position</b>		
Employer contributions	\$ 1,319,809	\$ 1,396,086
Member contributions	863,421	915,051
Investment income net of investment expenses	3,381,156	25,949
Benefit payments refunds of contributions	( 2,452,066)	( 2,660,511)
Administrative expenses	( 39,486)	( 37,897)
Other	<u>147,464</u>	<u>( 28,448)</u>
Net change in plan fiduciary net position	3,220,298	( 389,770)
Plan fiduciary net position - beginning	<u>49,653,883</u>	<u>52,874,181</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 52,874,181</u></u>	<u><u>\$ 52,484,411</u></u>
Net pension liability - ending (a) - (b)	<u><u>\$ 2,117,351</u></u>	<u><u>\$ 5,610,232</u></u>
Fiduciary net position as a percentage of total pension liability	96.15%	90.34%
Pensionable covered payroll	\$ 12,334,580	\$ 13,072,157
Net pension liability as a percentage of covered payroll	17.17%	42.92%

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, 2016**

<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	1,400,892	1,400,892	-	13,335,021	10.5%

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, 2016

**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>	14.1 years (based on contribution rate calculated in 12/31/2015 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 Reflected in the Schedule</b>	No changes in plan provisions are reflected in the Schedule of Employer Contributions.

**NAVARRO COUNTY, TEXAS**

**SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS**

**SEPTEMBER 30, 2016**

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
12/31/10	\$ -	\$ 691,249	\$ 691,249	- %	\$ 11,610,840	5.95%
12/31/12	-	680,604	680,604	- %	11,933,991	5.70%
12/31/14	-	601,738	601,738	- %	12,334,580	4.88%

**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*.

*TDRA Grant Fund* – This fund is used to account for revenues and expenditures relating to the Texas Department of Rural Affairs Program related to flood repairs.

*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, 2016**

	<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>ASSETS</b>				
Cash	\$ 848,631	\$ 314,891	\$ 219,054	\$ 137,714
Investments	2,129	30,755	76,218	65,200
Accounts receivable	-	-	25,744	25,748
Property taxes receivable, net	17,444	51,212	51,213	51,211
Due from other governments	-	108,656	-	25,411
Prepaid items	-	810	1,035	1,083
Due from other funds	-	317,369	113,061	51,387
Total assets	<u>868,204</u>	<u>823,693</u>	<u>486,325</u>	<u>357,754</u>
<b>LIABILITIES</b>				
Accounts payable	6,380	337,756	61,345	81,464
Accrued liabilities	-	128	-	614
Due to other funds	-	63	3,638	3,414
Total liabilities	<u>6,380</u>	<u>337,947</u>	<u>64,983</u>	<u>85,492</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	<u>15,288</u>	<u>44,790</u>	<u>44,790</u>	<u>44,791</u>
Total deferred inflows of resources	<u>15,288</u>	<u>44,790</u>	<u>44,790</u>	<u>44,791</u>
<b>FUND BALANCES</b>				
Restricted for:				
Flood protection projects	846,536	810	1,035	1,083
Repairs and construction of roads and bridges	-	440,146	375,517	226,388
Law enforcement	-	-	-	-
Records management and preservation	-	-	-	-
Court security and technology	-	-	-	-
Debt service	-	-	-	-
Capital projects - courthouse restoration	-	-	-	-
Total fund balances	<u>846,536</u>	<u>440,956</u>	<u>376,552</u>	<u>227,471</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 868,204</u>	 <u>\$ 823,693</u>	 <u>\$ 486,325</u>	 <u>\$ 357,754</u>



Road and Bridge Precinct 4	District Attorney Forfeiture	Sheriff Seizure	Juvenile Case Manager	Courthouse Security Fund	Justice Court Technology Fund	County Clerk Records Management
\$ 289,735	\$ 76,385	\$ 149,325	\$ 108,938	\$ 335,251	\$ 23,743	\$ 60,671
75,473	110,765	148,927	-	-	-	-
25,748	-	-	-	-	-	-
51,212	-	-	-	-	-	-
-	-	-	-	-	-	-
690	-	-	-	-	-	-
974,946	-	-	3,836	-	1,489	110
<u>1,417,804</u>	<u>187,150</u>	<u>298,252</u>	<u>112,774</u>	<u>335,251</u>	<u>25,232</u>	<u>60,781</u>
158,414	4,000	7,486	-	-	171	-
-	-	-	-	-	-	-
884	-	-	-	240,213	6,136	25,080
<u>159,298</u>	<u>4,000</u>	<u>7,486</u>	<u>-</u>	<u>240,213</u>	<u>6,307</u>	<u>25,080</u>
44,789	-	-	-	-	-	-
<u>44,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
1,213,717	-	-	-	-	-	-
-	183,150	290,766	112,774	-	-	-
-	-	-	-	-	-	35,701
-	-	-	-	95,038	18,925	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<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>\$ 1,417,804</u>	<u>\$ 187,150</u>	<u>\$ 298,252</u>	<u>\$ 112,774</u>	<u>\$ 335,251</u>	<u>\$ 25,232</u>	<u>\$ 60,781</u>

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

**SEPTEMBER 30, 2016**

	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	-	-	-	-	-
Property taxes receivable, net	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	-	135,452	7,490	4,491	7,490
Total assets	5,606	282,696	27,859	8,834	23,520
<b>LIABILITIES</b>					
Accounts payable	-	8,650	100	-	-
Accrued liabilities	-	-	-	-	-
Due to other funds	5,606	-	21,964	-	-
Total liabilities	5,606	8,650	22,064	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
<b>FUND BALANCES</b>					
Restricted for:					
Flood protection projects	-	-	-	-	-
Repairs and construction of roads and bridges	-	-	-	-	-
Law enforcement	-	-	-	-	-
Records management and preservation	-	274,046	-	8,834	23,520
Court security and technology	-	-	5,795	-	-
Debt service	-	-	-	-	-
Capital projects - courthouse restoration	-	-	-	-	-
Total fund balances	-	274,046	5,795	8,834	23,520
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,606	\$ 282,696	\$ 27,859	\$ 8,834	\$ 23,520

<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	\$ -	\$ 56,253	\$ 2,863,455
-	-	-	-	2,151	511,618
-	-	-	-	-	77,240
-	-	-	-	41,684	263,976
-	-	-	-	-	134,067
-	-	-	-	625	4,243
<u>17,780</u>	<u>35,011</u>	<u>5,509</u>	<u>765,815</u>	<u>-</u>	<u>2,441,236</u>
<u>31,185</u>	<u>68,050</u>	<u>8,337</u>	<u>765,815</u>	<u>100,713</u>	<u>6,295,835</u>
-	66,109	-	28,541	-	760,416
-	-	-	-	-	742
-	-	-	136,238	-	443,236
<u>-</u>	<u>66,109</u>	<u>-</u>	<u>164,779</u>	<u>-</u>	<u>1,204,394</u>
-	-	-	-	36,809	231,257
-	-	-	-	36,809	231,257
-	-	-	-	-	849,464
-	-	-	-	-	2,255,768
-	-	-	-	-	586,690
31,185	1,941	8,337	-	-	383,564
-	-	-	-	-	119,758
-	-	-	-	63,904	63,904
-	-	-	601,036	-	601,036
<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>\$ 31,185</u>	<u>\$ 68,050</u>	<u>\$ 8,337</u>	<u>\$ 765,815</u>	<u>\$ 100,713</u>	<u>\$ 6,295,835</u>

**NAVARRO COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Flood Control	Road and Bridge Precinct 1	Road and Bridge Precinct 2	Road and Bridge Precinct 3
<b>REVENUES</b>				
Property taxes	\$ 268,021	\$ 784,803	\$ 785,688	\$ 785,688
Intergovernmental	-	885,084	414,981	519,958
Licenses and permits	-	214,822	214,822	214,822
Fees of office	-	82,979	23,972	23,972
Fines and forfeitures	-	84,473	84,473	84,473
Interest on investments	5,129	1,932	824	2,048
Other	-	1,029	-	33
Total revenues	273,150	2,055,122	1,524,760	1,630,994
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Roads and highways	346,194	1,631,433	1,313,784	1,532,805
Debt service:				
Principal	-	92,301	82,475	39,133
Interest and other	-	1,438	5,560	2,116
Capital outlay	7,714	-	133,652	264,747
Intergovernmental:				
Tax increment reinvestment	-	8,739	8,739	8,739
Total expenditures	353,908	1,733,911	1,544,210	1,847,540
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 80,758)	321,211	( 19,450)	( 216,546)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of capital lease	-	-	133,652	264,747
Total other financing sources (uses)	-	-	133,652	264,747
<b>NET CHANGE IN FUND BALANCES</b>	( 80,758)	321,211	114,202	48,201
<b>FUND BALANCES, BEGINNING</b>	927,294	119,745	262,350	179,270
<b>FUND BALANCES, ENDING</b>	\$ 846,536	\$ 440,956	\$ 376,552	\$ 227,471

Road and Bridge Precinct 4	District Attorney Forfeiture	Sheriff Seizure	Juvenile Case Manager	Courthouse Security Fund	Justice Court Technology Fund	County Clerk Records Management
\$ 785,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,821,541	-	-	-	-	-	-
214,822	-	-	-	-	-	-
23,972	-	-	-	22,816	-	110
84,473	49,672	14,963	-	-	-	-
1,871	905	1,376	-	-	-	-
382	-	-	-	-	-	-
<u>2,932,749</u>	<u>50,577</u>	<u>16,339</u>	<u>-</u>	<u>22,816</u>	<u>-</u>	<u>110</u>
-	-	-	-	-	-	-
-	38,297	7,393	-	95,283	171	-
2,093,449	-	-	-	-	-	-
48,942	-	-	-	-	-	-
3,315	-	-	-	-	-	-
-	4,000	5,994	-	-	-	-
8,739	-	-	-	-	-	-
<u>2,154,445</u>	<u>42,297</u>	<u>13,387</u>	<u>-</u>	<u>95,283</u>	<u>171</u>	<u>-</u>
778,304	8,280	2,952	-	( 72,467)	( 171)	110
-	-	-	-	-	-	-
-	-	-	-	-	-	-
778,304	8,280	2,952	-	( 72,467)	( 171)	110
<u>435,413</u>	<u>174,870</u>	<u>287,814</u>	<u>112,774</u>	<u>167,505</u>	<u>19,096</u>	<u>35,591</u>
<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>

**NAVARRO COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	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	-	110	3,726	-	2,087
Fines and forfeitures	-	-	-	-	-
Interest on investments	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	-	110	3,726	-	2,087
<b>EXPENDITURES</b>					
Current:					
General government	-	8,650	-	-	290
Judicial	-	-	832	-	-
Roads and highways	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Capital outlay	-	-	21,906	-	-
Intergovernmental:					
Tax increment reinvestment	-	-	-	-	-
Total expenditures	-	8,650	22,738	-	290
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	( 8,540)	( 19,012)	-	1,797
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of capital lease	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	-	( 8,540)	( 19,012)	-	1,797
<b>FUND BALANCES, BEGINNING</b>	-	282,586	24,807	8,834	21,723
<b>FUND BALANCES, ENDING</b>	\$ -	\$ 274,046	\$ 5,795	\$ 8,834	\$ 23,520

County Records Preservation	County Record Management and Preservation	District Court Records Technology	Courthouse Restoration	Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 590,325	\$ 4,000,213
-	-	-	-	-	3,641,564
-	-	-	-	-	859,288
-	-	-	-	-	183,744
-	-	-	-	-	402,527
-	-	-	-	968	15,053
-	-	-	250,000	-	251,444
-	-	-	250,000	591,293	9,353,833
-	-	-	132,429	-	141,369
-	-	-	-	-	141,976
-	-	-	-	-	6,917,665
-	-	-	-	255,000	517,851
-	-	-	-	272,908	285,337
-	66,109	-	32,350	-	536,472
-	-	-	-	-	34,956
-	66,109	-	164,779	527,908	8,575,626
-	( 66,109)	-	85,221	63,385	778,207
-	-	-	-	-	398,399
-	-	-	-	-	398,399
-	( 66,109)	-	85,221	63,385	1,176,606
31,185	68,050	8,337	515,815	519	3,683,578
\$ 31,185	\$ 1,941	\$ 8,337	\$ 601,036	\$ 63,904	\$ 4,860,184



*Navarro County Courthouse*



**BUDGETARY  
COMPARISON SCHEDULES**



*Navarro County Courthouse*

**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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>REVENUES</b>				
Property taxes	\$ 269,500	\$ 269,500	\$ 268,021	\$( 1,479)
Interest on investments	<u>5,000</u>	<u>5,000</u>	<u>5,129</u>	<u>129</u>
Total revenues	<u>274,500</u>	<u>274,500</u>	<u>273,150</u>	<u>( 1,350)</u>
<b>EXPENDITURES</b>				
Roads and highways:				
Other services	400,000	400,000	346,194	53,806
Capital outlay	<u>8,000</u>	<u>8,000</u>	<u>7,714</u>	<u>286</u>
Total expenditures	<u>408,000</u>	<u>408,000</u>	<u>353,908</u>	<u>54,092</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 133,500)	( 133,500)	( 80,758)	52,742
<b>FUND BALANCES, BEGINNING</b>	<u>927,294</u>	<u>927,294</u>	<u>927,294</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 793,794</u>	<u>\$ 793,794</u>	<u>\$ 846,536</u>	<u>\$ 52,742</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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 784,000	\$ 784,000	\$ 784,803	\$ 803
Intergovernmental	547,451	547,451	885,084	337,633
License and permits	215,000	215,000	214,822	( 178)
Fees of office	34,500	34,500	82,979	48,479
Fines and forfeitures	105,000	105,000	84,473	( 20,527)
Interest on investments	1,500	1,500	1,932	432
Other	-	-	1,029	1,029
Total revenues	<u>1,687,451</u>	<u>1,687,451</u>	<u>2,055,122</u>	<u>367,671</u>
<b>EXPENDITURES</b>				
Roads and highways:				
Salaries	329,472	329,472	328,680	792
Benefits	150,543	150,543	146,201	4,342
Supplies	1,058,951	1,058,951	916,348	142,603
Other services	128,001	128,001	240,204	( 112,203)
Debt service:				
Principal	92,540	92,540	92,301	239
Interest	9,805	9,805	1,438	8,367
Capital outlay	-	-	-	-
Intergovernmental	<u>9,040</u>	<u>9,040</u>	<u>8,739</u>	<u>301</u>
Total expenditures	<u>1,778,352</u>	<u>1,778,352</u>	<u>1,733,911</u>	<u>44,441</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 90,901)	( 90,901)	321,211	412,112
<b>FUND BALANCES, BEGINNING</b>	<u>119,745</u>	<u>119,745</u>	<u>119,745</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 28,844</u>	<u>\$ 28,844</u>	<u>\$ 440,956</u>	<u>\$ 412,112</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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 784,000	\$ 784,000	\$ 785,688	\$ 1,688
Intergovernmental	414,981	414,981	414,981	-
License and permits	215,000	215,000	214,822	( 178)
Fees of office	34,500	34,500	23,972	( 10,528)
Fines and forfeitures	105,000	105,000	84,473	( 20,527)
Interest on investments	2,000	2,000	824	( 1,176)
Total revenues	<u>1,555,481</u>	<u>1,555,481</u>	<u>1,524,760</u>	<u>( 30,721)</u>
<b>EXPENDITURES</b>				
Roads and highways:				
Salaries	391,279	391,279	389,730	1,549
Benefits	172,432	172,432	168,755	3,677
Supplies	899,881	899,881	619,732	280,149
Other services	188,738	188,738	135,567	53,171
Debt service:				
Principal	113,866	113,866	82,475	31,391
Interest	22,362	22,362	5,560	16,802
Capital outlay	15,000	15,000	133,652	( 118,652)
Intergovernmental	9,000	9,000	8,739	261
Total expenditures	<u>1,812,558</u>	<u>1,812,558</u>	<u>1,544,210</u>	<u>268,348</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 257,077)</u>	<u>( 257,077)</u>	<u>( 19,450)</u>	<u>237,627</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	-	-	133,652	133,652
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>133,652</u>	<u>133,652</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 257,077)</u>	<u>( 257,077)</u>	<u>114,202</u>	<u>371,279</u>
<b>FUND BALANCES, BEGINNING</b>	<u>262,350</u>	<u>262,350</u>	<u>262,350</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 5,273</u>	<u>\$ 5,273</u>	<u>\$ 376,552</u>	<u>\$ 371,279</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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 784,000	\$ 784,000	\$ 785,688	\$ 1,688
Intergovernmental	494,547	494,547	519,958	25,411
License and permits	215,000	215,000	214,822	( 178)
Fees of office	34,500	34,500	23,972	( 10,528)
Fines and forfeitures	105,000	105,000	84,473	( 20,527)
Interest on investments	2,000	2,000	2,048	48
Other	-	-	33	33
Total revenues	<u>1,635,047</u>	<u>1,635,047</u>	<u>1,630,994</u>	<u>( 4,053)</u>
<b>EXPENDITURES</b>				
Roads and highways:				
Salaries	411,935	411,935	366,308	45,627
Benefits	187,653	187,653	156,421	31,232
Supplies	934,419	934,419	897,895	36,524
Other services	143,658	143,658	112,181	31,477
Debt service:				
Principal	39,142	39,142	39,133	9
Interest	5,878	5,878	2,116	3,762
Capital outlay	-	-	264,747	( 264,747)
Intergovernmental	9,000	9,000	8,739	261
Total expenditures	<u>1,731,685</u>	<u>1,731,685</u>	<u>1,847,540</u>	<u>( 115,855)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>( 96,638)</u>	<u>( 96,638)</u>	<u>( 216,546)</u>	<u>( 119,908)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease issued	-	-	264,747	264,747
Total other financing sources (uses)	-	-	264,747	264,747
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 96,638)</u>	<u>( 96,638)</u>	<u>48,201</u>	<u>144,839</u>
<b>FUND BALANCES, BEGINNING</b>	<u>179,270</u>	<u>179,270</u>	<u>179,270</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 82,632</u>	<u>\$ 82,632</u>	<u>\$ 227,471</u>	<u>\$ 144,839</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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 784,000	\$ 784,000	\$ 785,688	\$ 1,688
Intergovernmental	728,153	728,153	1,821,541	1,093,388
License and permits	215,000	215,000	214,822	( 178)
Fees of office	34,500	34,500	23,972	( 10,528)
Fines and forfeitures	105,000	105,000	84,473	( 20,527)
Interest on investments	3,000	3,000	1,871	( 1,129)
Other	-	-	382	382
Total revenues	<u>1,869,653</u>	<u>1,869,653</u>	<u>2,932,749</u>	<u>1,063,096</u>
<b>EXPENDITURES</b>				
Roads and highways:				
Salaries	385,490	385,490	329,241	56,249
Benefits	170,895	170,895	137,244	33,651
Supplies	1,528,553	1,528,553	1,524,379	4,174
Other services	137,001	137,001	102,585	34,416
Debt service:				
Principal	45,059	45,059	48,942	( 3,883)
Interest	3,673	3,673	3,315	358
Capital outlay	50,000	50,000	-	50,000
Intergovernmental	9,000	9,000	8,739	261
Total expenditures	<u>2,329,671</u>	<u>2,329,671</u>	<u>2,154,445</u>	<u>175,226</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 460,018)	( 460,018)	778,304	1,238,322
<b>FUND BALANCES, BEGINNING</b>	<u>435,413</u>	<u>435,413</u>	<u>435,413</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$( 24,605)</u>	<u>\$( 24,605)</u>	<u>\$ 1,213,717</u>	<u>\$ 1,238,322</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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Forfeitures	\$ 14,500	\$ 14,500	\$ 49,672	\$ 35,172
Interest on investments	<u>500</u>	<u>500</u>	<u>905</u>	<u>405</u>
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>50,577</u>	<u>35,577</u>
<b>EXPENDITURES</b>				
Judicial:				
Other services	15,000	15,000	38,297	( 23,297)
Capital outlay	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>( 4,000)</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>42,297</u>	<u>( 27,297)</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	8,280	8,280
<b>FUND BALANCES, BEGINNING</b>	<u>174,870</u>	<u>174,870</u>	<u>174,870</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 174,870</u>	<u>\$ 174,870</u>	<u>\$ 183,150</u>	<u>\$ 8,280</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Forfeitures	\$ 73,500	\$ 73,500	\$ 14,963	\$( 58,537)
Interest on investments	<u>1,000</u>	<u>1,000</u>	<u>1,376</u>	<u>376</u>
Total revenues	<u>74,500</u>	<u>74,500</u>	<u>16,339</u>	<u>( 58,161)</u>
<b>EXPENDITURES</b>				
Public safety:				
Other services	31,000	31,000	7,393	23,607
Capital outlay	<u>34,500</u>	<u>34,500</u>	<u>5,994</u>	<u>28,506</u>
Total expenditures	<u>74,500</u>	<u>74,500</u>	<u>13,387</u>	<u>61,113</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	2,952	2,952
<b>FUND BALANCES, BEGINNING</b>	<u>287,814</u>	<u>287,814</u>	<u>287,814</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 287,814</u>	<u>\$ 287,814</u>	<u>\$ 290,766</u>	<u>\$ 2,952</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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 581,000	\$ 581,000	\$ 590,325	\$ 9,325
Interest on investments	700	700	968	268
Total revenues	<u>581,700</u>	<u>581,700</u>	<u>591,293</u>	<u>9,593</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	255,000	255,000	255,000	-
Interest	<u>274,283</u>	<u>274,283</u>	<u>272,908</u>	<u>1,375</u>
Total expenditures	<u>529,283</u>	<u>529,283</u>	<u>527,908</u>	<u>1,375</u>
<b>NET CHANGE IN FUND BALANCES</b>	52,417	52,417	63,385	10,968
<b>FUND BALANCES, BEGINNING</b>	<u>519</u>	<u>519</u>	<u>519</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 52,936</u>	<u>\$ 52,936</u>	<u>\$ 63,904</u>	<u>\$ 10,968</u>

## 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, 2016**

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
<b><u>COUNTY TREASURER</u></b>				
Assets:				
Cash	\$ 2,022,726	\$ 21,960,892	\$ 21,978,840	\$ 2,004,778
Investments	269,987	1,243	-	271,230
Total assets	2,292,713	21,962,135	21,978,840	2,276,008
Liabilities:				
Due to others	2,292,713	21,962,135	21,978,840	2,276,008
Total liabilities	2,292,713	21,962,135	21,978,840	2,276,008
<b><u>DISTRICT CLERK</u></b>				
Assets:				
Cash	688,642	517,732	421,705	784,669
Total assets	688,642	517,732	421,705	784,669
Liabilities:				
Due to others	688,642	517,732	421,705	784,669
Total liabilities	688,642	517,732	421,705	784,669
<b><u>TAX ASSESSOR AND COLLECTOR</u></b>				
Assets:				
Cash	1,232,667	70,411,307	70,519,744	1,124,230
Total assets	1,232,667	70,411,307	70,519,744	1,124,230
Liabilities:				
Due to others	1,232,667	70,411,307	70,519,744	1,124,230
Total liabilities	\$ 1,232,667	\$ 70,411,307	\$ 70,519,744	\$ 1,124,230

**NAVARRO COUNTY, TEXAS**

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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
<b><u>JUVENILE PROBATION AND CORRECTIONS</u></b>				
Assets:				
Cash	\$ 11,595	\$ 455,954	\$ 371,047	\$ 96,502
Investments	35,866	165	-	36,031
Total assets	47,461	456,119	371,047	132,533
Liabilities:				
Due to others	47,461	456,119	371,047	132,533
Total liabilities	47,461	456,119	371,047	132,533
<b><u>COMMUNITY SUPERVISION AND CORRECTIONS</u></b>				
Assets:				
Cash	344,382	1,035,376	1,103,326	276,432
Investments	91,326	421	-	91,747
Total assets	435,708	1,035,797	1,103,326	368,179
Liabilities:				
Due to others	435,708	1,035,797	1,103,326	368,179
Total liabilities	435,708	1,035,797	1,103,326	368,179
<b><u>INMATE COMMISSARY</u></b>				
Assets:				
Cash	331,398	650,848	610,281	371,965
Total assets	331,398	650,848	610,281	371,965
Liabilities:				
Due to others	331,398	650,848	610,281	371,965
Total liabilities	\$ 331,398	\$ 650,848	\$ 610,281	\$ 371,965

**NAVARRO COUNTY, TEXAS**

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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
<b><u>SPECIAL LAKE</u></b>				
Assets:				
Cash	\$ 234	\$ 1	\$ -	\$ 235
Investments	93,506	431	-	93,937
Total assets	93,740	432	-	94,172
Liabilities:				
Due to others	93,740	432	-	94,172
Total liabilities	93,740	432	-	94,172
<b><u>SPECIAL FORFEITURE</u></b>				
Assets:				
Cash	61,866	23,307	48,783	36,390
Investments	1,667	8	-	1,675
Total assets	63,533	23,315	48,783	38,065
Liabilities:				
Due to others	63,533	23,315	48,783	38,065
Total liabilities	63,533	23,315	48,783	38,065
<b><u>ECONOMIC DEVELOPMENT</u></b>				
Assets:				
Investments	2,111	10	-	2,121
Total assets	2,111	10	-	2,121
Liabilities:				
Due to others	2,111	10	-	2,121
Total liabilities	\$ 2,111	\$ 10	\$ -	\$ 2,121

**NAVARRO COUNTY, TEXAS**

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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
Assets:				
Cash	\$ 4,693,510	\$ 95,055,417	\$ 95,053,726	\$ 4,695,201
Investments	<u>494,463</u>	<u>2,278</u>	<u>-</u>	<u>496,741</u>
Total assets	<u>5,187,973</u>	<u>95,057,695</u>	<u>95,053,726</u>	<u>5,191,942</u>
Liabilities:				
Due to others	<u>5,187,973</u>	<u>95,057,695</u>	<u>95,053,726</u>	<u>5,191,942</u>
Total liabilities	<u>\$ 5,187,973</u>	<u>\$ 95,057,695</u>	<u>\$ 95,053,726</u>	<u>\$ 5,191,942</u>



*Navarro 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>
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	70
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the County's ability to generate its property taxes.	82
Debt Capacity 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
Demographic and Economic Information 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
Operating Information 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
Sources: 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			
	2016	2015	2014	2013
Governmental activities:				
Net investment in capital assets	\$ 9,278,430	\$ 9,958,598	\$ 9,908,273	\$ 9,803,913
Restricted	5,803,287	3,862,529	2,712,943	3,168,519
Unrestricted	<u>7,779,915</u>	<u>8,293,305</u>	<u>9,048,509</u>	<u>7,345,700</u>
Total governmental activities net position	<u>22,861,632</u>	<u>22,114,432</u>	<u>21,669,725</u>	<u>20,318,132</u>
Primary government:				
Net investment in capital assets	9,278,430	9,958,598	9,908,273	9,803,913
Restricted	5,803,287	3,862,529	2,712,943	3,168,519
Unrestricted	<u>7,779,915</u>	<u>8,293,305</u>	<u>9,048,509</u>	<u>7,345,700</u>
Total primary government net position	<u>\$ 22,861,632</u>	<u>\$ 22,114,432</u>	<u>\$ 21,669,725</u>	<u>\$ 20,318,132</u>

Source: Navarro County financial records.

**TABLE 1**

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 8,797,242	\$ 9,430,394	\$ 9,269,955	\$ 9,225,606	\$ 8,796,531	\$ 8,863,264
3,242,834	2,816,039	2,930,176	2,669,973	590,630	540,403
<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>9,514,719</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>	<u>18,918,386</u>
8,797,242	9,430,394	9,269,955	9,225,606	8,796,531	8,863,264
3,242,834	2,816,039	2,930,176	2,669,973	590,630	540,403
<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>9,514,719</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>	<u>\$ 18,918,386</u>

# NAVARRO COUNTY, TEXAS

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

*(Accrual Basis of Accounting)*

*(Unaudited)*

	Fiscal Year			
	2016	2015	2014	2013
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 7,647,872	\$ 9,829,863	\$ 5,872,106	\$ 5,524,778
Judicial	3,248,964	2,917,168	2,891,502	2,639,512
Public safety	13,370,878	12,809,589	11,743,805	11,475,382
Health and welfare	503,212	500,000	507,518	499,458
Roads and highways	7,592,634	4,954,679	5,023,067	4,598,346
Interest on long-term debt	287,545	314,164	197,330	94,699
Total expenses	32,651,105	31,325,463	26,235,328	24,832,175
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Fees, fines and charges for services:				
General government	1,577,749	1,524,324	1,449,906	1,144,977
Judicial	1,079,082	955,981	1,051,255	1,163,573
Public safety	506,491	555,948	546,332	637,884
Health and welfare	-	-	-	-
Roads and highways	859,288	801,772	821,436	863,382
Operating grants and contributions	7,351,399	7,699,167	3,573,267	3,102,887
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	11,374,009	11,537,192	7,442,196	6,912,703
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	( 20,377,157)	( 19,788,271)	( 18,793,132)	( 17,919,472)
Total primary government net expense	\$( 20,377,157)	\$( 19,788,271)	\$( 18,793,132)	\$( 17,919,472)

TABLE 2

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 6,422,406	\$ 5,448,604	\$ 5,117,148	\$ 5,161,840	\$ 4,965,892	\$ 4,134,266
2,577,079	2,366,579	2,424,728	2,320,480	2,303,243	1,856,239
11,710,531	11,736,012	11,144,461	11,031,850	10,668,710	10,734,372
381,695	556,640	684,043	577,654	486,507	640,210
4,678,001	4,770,681	4,616,494	4,622,991	3,882,420	3,431,564
95,089	88,544	172,797	121,427	144,006	161,552
<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>	<u>20,958,203</u>
1,434,271	1,153,912	1,438,917	1,513,036	1,547,567	1,634,983
1,062,082	1,099,509	1,205,051	1,053,547	1,242,365	1,396,525
807,349	675,639	789,429	629,777	729,243	365,659
-	-	-	-	-	-
1,050,148	740,960	881,836	905,724	924,256	849,518
3,422,795	3,739,851	3,096,307	3,202,347	3,092,844	3,136,177
-	-	-	359,550	-	-
<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>	<u>7,382,862</u>
( 18,088,156)	( 17,557,189)	( 16,748,131)	( 16,172,261)	( 14,914,503)	( 13,575,341)
<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>	<u>\$( 13,575,341)</u>

# NAVARRO COUNTY, TEXAS

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

*(Accrual Basis of Accounting)*

*(Unaudited)*

	Fiscal Year			
	2016	2015	2014	2013
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 18,572,564	\$ 18,041,387	\$ 17,221,450	\$ 17,321,497
Sales tax	2,318,730	2,241,653	2,700,800	2,156,560
Mixed beverage	54,841	51,999	50,967	39,558
Unrestricted grants and contributions	-	-	-	-
Investment earnings	74,715	114,256	103,166	85,328
Miscellaneous	103,507	117,139	92,095	125,849
Gain from sale of capital assets	-	-	-	-
Total governmental activities	<u>21,124,357</u>	<u>20,566,434</u>	<u>20,168,478</u>	<u>19,728,792</u>
 Total primary government	<u>21,124,357</u>	<u>20,566,434</u>	<u>20,168,478</u>	<u>19,728,792</u>
 <b>CHANGE IN NET POSITION</b>				
Governmental activities	<u>747,200</u>	<u>778,163</u>	<u>1,375,346</u>	<u>1,809,320</u>
 Total primary government	<u>\$ 747,200</u>	<u>\$ 778,163</u>	<u>\$ 1,375,346</u>	<u>\$ 1,809,320</u>
 Prior period adjustment/				
Change in accounting principle	<u>-</u>	<u>( 333,456)</u>	<u>( 23,753)</u>	<u>573,762</u>

Source: Navarro County financial records

**TABLE 2**

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 16,697,629	\$ 16,185,572	\$ 15,319,390	\$ 13,658,077	\$ 12,640,920	\$ 11,627,040
2,028,797	1,964,652	1,730,180	1,998,786	2,251,771	1,769,539
35,789	34,685	37,202	37,065	33,948	36,163
-	-	-	-	-	89,649
79,613	71,411	32,848	79,340	280,494	356,684
101,106	81,780	265,427	136,644	176,507	-
-	-	-	15,776	52,706	274,266
<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>14,153,341</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>14,153,341</u>
<u>854,778</u>	<u>780,911</u>	<u>636,916</u>	<u>( 246,573)</u>	<u>521,843</u>	<u>578,000</u>
<u>\$ 854,778</u>	<u>\$ 780,911</u>	<u>\$ 636,916</u>	<u>\$ ( 246,573)</u>	<u>\$ 521,843</u>	<u>\$ 578,000</u>
<u>-</u>	<u>-</u>	<u>( 3,531,211)</u>	<u>-</u>	<u>-</u>	<u>3,404,477</u>

# NAVARRO COUNTY, TEXAS

## FUND BALANCES GOVERNMENTAL FUNDS

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

	Fiscal Year			
	2016	2015	2014	2013
General fund				
Reserved for prepaid items	\$ -	\$ -	\$ -	\$ -
Unreserved, undesignated	-	-	-	-
Nonspendable	155,818	136,034	116,597	135,414
Committed	1,887,195	1,794,505	1,555,065	1,060,301
Unassigned	<u>6,882,261</u>	<u>6,463,774</u>	<u>6,865,925</u>	<u>5,539,526</u>
Total general fund	<u>8,925,274</u>	<u>8,394,313</u>	<u>8,537,587</u>	<u>6,735,241</u>
All other governmental funds				
Reserved for:				
Debt service	-	-	-	-
Capital projects fund	-	-	-	-
Grant expenditures	-	-	-	-
Prepaid items	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Restricted	4,860,184	5,954,054	8,526,005	2,950,428
Unassigned	<u>( 1,043,304)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 3,816,880</u>	<u>\$ 5,954,054</u>	<u>\$ 8,526,005</u>	<u>\$ 2,950,428</u>

Source: Navarro County financial records

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



**TABLE 3**

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ -	\$ -	\$ 215,777	\$ 184,587	\$ 214,468	\$ -
-	-	2,942,509	2,611,547	3,286,889	2,948,940
174,495	193,186	-	-	-	-
818,362	744,101	-	-	-	-
<u>4,014,022</u>	<u>3,045,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>2,948,940</u>
-	-	103,316	117,781	158,929	157,029
-	-	354,212	353,519	349,659	338,521
-	-	-	-	216	145
-	-	-	3,452	-	-
-	-	2,215,786	2,020,173	1,933,319	1,458,115
2,964,017	2,527,278	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ 1,953,810</u>

# NAVARRO COUNTY, TEXAS

## CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

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

	Fiscal Year			
	2016	2015	2014	2013
<b>REVENUES</b>				
Property taxes	\$ 18,488,480	\$ 17,990,383	\$ 17,307,346	\$ 17,429,129
Sales tax and other	2,373,571	2,293,652	2,751,767	2,196,118
Intergovernmental	7,168,446	7,098,835	3,201,627	2,843,181
Licenses and permits	859,288	801,772	821,436	863,382
Fees of office	1,825,932	2,030,619	2,005,119	2,001,608
Fines and forfeitures	1,041,716	989,641	1,021,187	1,179,205
Interest on investments	74,715	114,256	103,166	85,328
Other	479,586	714,786	421,333	362,247
Total revenues	32,311,734	32,033,944	27,632,981	26,960,198
<b>EXPENDITURES</b>				
General government	6,349,701	9,398,667	5,806,092	5,195,928
Judicial	3,200,762	2,982,851	2,874,039	2,638,214
Public safety	12,449,378	12,367,418	11,030,465	10,825,767
Health and welfare	500,000	500,000	507,436	500,000
Roads and highways	6,917,665	4,345,828	4,358,484	4,040,821
Capital outlay	3,639,988	4,473,887	2,106,721	1,533,224
Debt service				
Principal	529,393	849,867	767,002	812,771
Interest and fiscal charges	285,919	335,851	57,072	65,021
Bond issuance costs	-	-	78,675	-
Intergovernmental	446,328	436,490	472,638	495,265
Total expenditures	34,319,134	35,690,859	28,058,624	26,107,011
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$( 2,007,400)	\$( 3,656,915)	\$( 425,643)	\$ 853,187

TABLE 4

Fiscal Year					
2012	2011	2010	2009	2008	2007
\$ 16,751,283	\$ 16,197,999	\$ 15,136,228	\$ 13,578,686	\$ 12,582,395	\$ 11,658,503
2,064,586	-	-	-	-	-
3,327,917	5,688,961	4,829,871	5,306,197	5,365,900	5,007,527
1,033,756	740,960	881,836	905,724	924,256	845,302
1,984,300	1,399,448	1,694,932	1,805,455	1,932,416	2,034,084
1,254,762	1,112,967	1,411,351	1,201,555	1,525,735	1,223,117
79,610	71,405	32,837	79,338	280,371	351,055
181,103	523,036	664,126	552,934	473,659	385,414
<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>	<u>21,505,002</u>
5,299,995	4,818,429	4,957,144	4,987,296	4,769,753	4,084,834
2,571,547	2,361,726	2,417,668	2,313,420	2,303,243	1,861,415
11,024,892	11,071,165	10,499,944	10,450,626	10,137,780	10,143,012
381,695	556,545	683,546	577,157	486,507	640,522
4,147,150	4,225,633	4,078,947	4,143,951	3,429,274	2,982,327
568,795	1,073,119	985,149	1,246,781	321,583	731,251
670,254	648,714	571,523	564,714	653,330	617,348
76,632	104,333	110,943	102,557	124,645	129,902
-	-	-	-	-	-
489,714	424,810	143,882	115,916	146,065	-
<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>21,190,611</u>
\$ <u>1,446,643</u>	\$ <u>450,302</u>	\$ <u>202,435</u>	\$ <u>(1,072,529)</u>	\$ <u>712,552</u>	\$ <u>314,391</u>

**NAVARRO COUNTY, TEXAS**

**CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

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

	Fiscal Year			
	2016	2015	2014	2013
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Issuance of capital related bonds	-	-	7,500,000	-
Issuance of capital lease	398,399	131,807	296,103	831,858
Sale of capital assets	2,788	38,416	7,463	29,728
Payment to escrow agent	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Total other financing sources (uses)	<u>401,187</u>	<u>170,223</u>	<u>7,803,566</u>	<u>861,586</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 1,606,213)</u>	<u>( 3,486,692)</u>	<u>7,377,923</u>	<u>1,714,773</u>
<b>PRIOR PERIOD ADJUSTMENT/ CHANGE IN ACCOUNTING PRINCIPLE</b>	<u>\$ -</u>	<u>\$ ( 333,456)</u>	<u>\$ ( 23,753)</u>	<u>\$ -</u>
<b>DEBT SERVICES (PRINCIPAL AND INTEREST) AS PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<u>2.60%</u>	<u>3.32%</u>	<u>2.94%</u>	<u>3.36%</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					
2012	2011	2010	2009	2008	2007
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
-	-	-	-	-	( 10,000)
-	-	-	-	-	-
-	207,484	335,790	371,479	-	125,301
14,286	20,581	2,316	48,629	68,706	336,758
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,286</u>	<u>228,065</u>	<u>338,106</u>	<u>420,108</u>	<u>68,706</u>	<u>462,059</u>
<u>1,460,929</u>	<u>678,367</u>	<u>540,541</u>	<u>( 652,421)</u>	<u>781,258</u>	<u>776,450</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,708</u>	<u>\$ -</u>
<u>2.96%</u>	<u>2.98%</u>	<u>2.79%</u>	<u>2.72%</u>	<u>3.48%</u>	<u>3.53%</u>



*Navarro County Courthouse*

NAVARRO COUNTY, TEXAS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY <sup>b</sup>

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				
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
2007	777,115,025	719,526,624	493,320,350	701,804,640	733,375,809	1,958,390,830	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				
	2016	2015	2014	2013	2012
<b>County direct rates</b>					
General	\$ 0.4925	\$ 0.4909	\$ 0.4909	\$ 0.4909	\$ 0.4909
Debt Service	0.0184	0.0200	0.0200	0.0200	0.0200
Road and bridge	0.1071	0.1071	0.1071	0.1071	0.1071
Flood control	0.0090	0.0090	0.0090	0.0090	0.0090
Total direct rate	0.6270	0.6270	0.6270	0.6270	0.6270
<b>Cities</b>					
Barry	0.3851	0.3851	0.3851	0.3851	0.3661
Blooming Grove	0.4801	0.4821	0.4821	0.4821	0.4900
Corsicana	0.6272	0.6272	0.6272	0.6272	0.6272
Dawson	0.4234	0.4000	0.4000	0.4000	0.4000
Emhouse	0.2943	0.2943	0.2943	0.2943	0.2943
Frost	0.5690	0.5573	0.5657	0.5600	0.5300
Goodlow	0.0897	0.0897	0.0897	0.0897	0.0897
Kerens	0.6839	0.6817	0.6817	0.6434	0.6434
Rice	0.5990	0.5500	0.5351	0.4999	0.4700
Richland	0.2330	0.2330	0.2330	0.2330	0.2189
<b>School Districts</b>					
Blooming Grove	1.1300	1.1300	1.1300	1.1300	1.1300
Corsicana	1.3703	1.2830	1.2830	1.2830	1.2830
Dawson	1.2922	1.2900	1.2900	1.2900	1.2900
Frost	1.2208	1.2404	1.2550	1.2550	1.2550
Kerens	1.1100	1.1100	1.1100	1.1100	1.1100
Mildred	1.2812	1.2812	1.2980	1.2906	1.2798
Rice	1.3365	1.2812	1.2980	1.2906	1.2798
<b>Colleges</b>					
Navarro College	0.1183	0.1202	0.1202	0.1190	0.1190

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							
		2011	2010	2009	2008	2007			
\$	0.4909	\$	0.4909	\$	0.4509	\$	0.4583	\$	0.4583
	0.0200		0.0200		0.0200		0.0200		0.0200
	0.1071		0.1071		0.0955		0.0955		0.0955
	0.0090		0.0090		0.0090		0.0090		0.0090
	<u>0.6270</u>		<u>0.6270</u>		<u>0.5754</u>		<u>0.5828</u>		<u>0.5828</u>
	0.3349		0.3393		0.3393		0.3237		0.3237
	0.4900		0.4859		0.4859		0.4653		0.4653
	0.6272		0.6272		0.6272		0.6272		0.6272
	0.4000		0.3783		0.3783		0.3783		0.3783
	0.3072		0.3072		0.3072		0.3072		0.3072
	0.5000		0.5000		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
	0.4700		0.4200		0.4200		0.3700		0.0310
	0.2056		0.2056		0.2056		0.2056		0.2068
	1.1300		1.1200		1.1200		1.1200		1.1231
	1.2830		1.2830		1.2830		1.2857		1.2850
	1.2900		1.2900		1.2900		1.2900		1.2900
	1.2550		1.2550		1.2550		1.2850		0.1150
	1.1100		1.1200		1.1200		1.1227		1.1000
	1.2798		1.2498		1.2498		1.2838		1.2427
	1.2798		1.2498		1.2498		1.2838		1.2427
	0.1190		0.1190		0.1190		0.1190		0.1200

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
Energy Transfer Fuel, LP	\$ 66,068,120	1	2.52%	-		- %
Nalco Company	56,587,750	2	2.08%	-		- %
Loan Star Transmission	50,788,550	3	1.95%	-		- %
Oncor Electric Delivery Co.	49,835,890	4	1.93%	-		- %
Guardian Industries Corp.	45,928,470	5	1.91%	30,321,450	3	1.74%
Seaway Crude Pipeline LP	45,366,960	6	1.46%	-		- %
Russell Stover Candies	40,899,980	7	1.16%	54,622,170	1	3.14%
Union Pacific Railroad Co	31,648,440	8	1.12%	13,088,980	9	0.75%
True Value Company	27,651,750	9	0.80%	22,615,740	4	1.30%
Pactive Foam	24,800,084	10	0.74%	14,431,380	7	0.83%
Burlington Northern Santa Fe	-		- %	-		- %
TXU Electric	-		- %	45,837,720	2	2.63%
Guardian Industries - Abated	-		- %	18,249,660	6	1.05%
Southwester Bell Telephone	-		- %	11,558,680	10	0.66%
Kohl's Distribution	-		- %	18,773,100	5	1.08%
Pactiv Foam - Abated	-		- %	14,096,010	8	0.81%
Total	\$ <u>439,575,994</u>		<u>15.67%</u>	\$ <u>243,594,890</u>		<u>14.00%</u>
Total taxable assessed value	\$ <u>2,619,448,352</u>		<u>100.00%</u>	\$ <u>1,740,389,521</u>		<u>100.00%</u>

Source: Navarro Central Appraisal District

**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			Total Collections to Date	
		Amount	Percentage of Levy	Subsequent Collections	Amount	Percentage of Levy
2016	\$ 18,321,633	\$ 17,838,796	97.36%	\$ -	\$ 17,838,796	97.36%
2015	18,337,365	17,493,815	95.40%	-	17,493,815	95.40%
2014	16,919,911	16,550,804	97.82%	164,639	16,550,804	97.82%
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.

**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</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Capital Leases			
2016	\$ 7,245,000	\$ 821,012	\$ 8,066,012	N/A	166.23
2015	7,500,000	744,875	8,244,875	N/A	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
2007	3,655,000	442,482	4,097,482	0.33%	83.71

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	Total				
2016	\$ 7,245,000	\$ 7,245,000	\$ 57,000	\$ 7,188,000	0.20%	\$ 148.14
2015	7,500,000	7,500,000	2,243	7,497,757	0.21%	152.07
2014	8,030,000	8,030,000	99,298	7,930,702	0.25%	160.85
2013	1,020,000	1,020,000	120,433	899,567	0.03%	18.73
2012	1,500,000	1,500,000	91,369	1,408,631	0.05%	29.30
2011	1,970,000	1,970,000	94,083	1,875,917	0.06%	39.12
2010	2,430,000	2,430,000	107,392	2,322,608	0.08%	48.63
2009	2,850,000	2,850,000	177,069	2,672,931	0.09%	56.17
2008	3,655,000	3,655,000	143,082	3,511,918	0.13%	74.08
2007	3,260,000	3,260,000	215,793	3,044,207	0.16%	64.40

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*

**NAVARRO COUNTY, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**SEPTEMBER 30, 2016**  
*(Unaudited)*

Taxing Jurisdiction	Percentage Overlapping Navarro County	Net Debt	Subtotals
<b>County-wide</b>			
Navarro County	100.00%	\$ 7,245,000	
Total direct debt	100.00%		\$ 7,245,000
<b>Cities</b>			
Angus	100.00%	-	
Barry	100.00%	-	
Blooming Grove	100.00%	-	
Corsicana	100.00%	43,850,000	
Dawson	100.00%	161,000	
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%	-	
Total Cities	100.00%	44,011,000	
<b>School District (% of assessed value)</b>			
Blooming Grove	100.00%	1,239,503	
Bynum	1.51%	27,935	
Corsicana	99.53%	93,300,532	
Dawson	98.94%	3,110,145	
Ennis	1.33%	1,712,548	
Fairfield	6.60%	1,063,920	
Frost	84.95%	533,486	
Hubbard	1.18%	110,961	
Kerens	100.00%	1,740,000	
Mildred	100.00%	12,691,120	
Rice	100.00%	10,774,592	
Wortham	21.01%	1,186,015	
Total School Districts	43.36%	127,490,757	
<b>Colleges</b>			
Navarro College	100.00%	27,074,743	
Total indirect debt			198,576,500
Total direct and overlapping debt			\$ 205,821,500

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				
	2016	2015	2014	2013	2012
Assessed value of real property	\$ 1,117,222,178	\$ 3,500,650,408	\$ 3,208,746,290	\$ 3,209,523,212	\$ 3,118,133,301
Debt limit rate	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>
Debt limit	<u>55,861,109</u>	<u>175,032,520</u>	<u>160,437,315</u>	<u>160,476,161</u>	<u>155,906,665</u>
Debt applicable to limit:					
Total bonded debt	7,245,000	7,500,000	8,030,000	1,020,000	1,500,000
Less: amount set aside for repayment	<u>57,000</u>	<u>2,243</u>	<u>99,298</u>	<u>120,433</u>	<u>91,369</u>
Total net debt applicable to limit	<u>7,188,000</u>	<u>7,497,757</u>	<u>7,930,702</u>	<u>899,567</u>	<u>1,408,631</u>
Legal debt margin	\$ <u>48,673,109</u>	\$ <u>167,534,763</u>	\$ <u>152,506,613</u>	\$ <u>159,576,594</u>	\$ <u>154,498,034</u>
Total net debt applicable to the limit as a percentage of debt limit	12.87%	4.28%	4.94%	0.56%	0.90%

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.



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

**LAST TEN FISCAL YEARS  
(Unaudited)**

	Fiscal Year				
	2011	2010	2009	2008	2007
Assessed value of real property	\$ 3,038,542,593	\$ 2,919,778,324	\$ 2,816,672,430	\$ 2,624,937,438	\$ 1,958,390,830
Debt limit rate	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>
Debt limit	<u>151,927,130</u>	<u>145,988,916</u>	<u>140,833,622</u>	<u>131,246,872</u>	<u>97,919,542</u>
Debt applicable to limit:					
Total bonded debt	1,970,000	2,430,000	2,850,000	3,655,000	3,655,000
Less: amount set aside for repayment	<u>94,083</u>	<u>107,392</u>	<u>177,069</u>	<u>143,082</u>	<u>215,793</u>
Total net debt applicable to limit	<u>1,875,917</u>	<u>2,322,608</u>	<u>2,672,931</u>	<u>3,511,918</u>	<u>3,439,207</u>
Legal debt margin	<u>\$ 150,051,213</u>	<u>\$ 143,666,308</u>	<u>\$ 138,160,691</u>	<u>\$ 127,734,954</u>	<u>\$ 94,480,335</u>
Total net debt applicable to the limit as a percentage of debt limit	1.23%	1.59%	1.90%	2.68%	3.51%

Source: Navarro County financial records

## 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>
2016	48,523	N/A	N/A	9,866	4.40%	47,636	49,571
2015	49,304	N/A	N/A	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
2007	47,272	1,317,045	27,861	9,570	5.00%	36,863	39,804

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

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

NAVARRO COUNTY, TEXAS

PRINCIPAL EMPLOYERS

SEPTEMBER 30, 2016

(Unaudited)

Employer	Nature of Business	2016	
		Employees	Percentage of Total County Employment <sup>a</sup>
Russell Stover Candies	Candy Manufacturing	850	3.88%
Corsicana I.S.D	Government / Education	811	3.70%
Navarro College	College	568	2.59%
Watkins Construction	Energy	500	2.28%
Navarro Regional Hospital	Hospital	350	1.60%
Walmart	Retail	350	1.60%
Guardian Industries	Glass Manufacturing	312	1.42%
City of Corsicana	Government/City	284	1.30%
Navarro County	Government/County	284	1.30%
Corsicana Bedding	Bedding	257	1.17%
Oil City Iron Works	Castings	255	1.16%
Pactiv	Manufacturing	250	1.14%
Kohl's Distribution Center	Warehousing/retail	200	0.91%
Total		<u>5,271</u>	<u>24.07%</u>

Source: Corsicana/Navarro County Chamber of Commerce

Notes:

a - September 30, 2016, total employment per Texas Workforce Commission 21,903



*Navarro County Courthouse*

## NAVARRO COUNTY, TEXAS

### FULL TIME EMPLOYEES BY FUNCTION

#### LAST TEN FISCAL YEARS

*(Unaudited)*

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General government</b>										
Elected/appointed officials	5	5	5	5	5	5	5	5	5	5
Clerical	37	38	39	38	38	37	37	36	44	42
Building maintenance	3	3	3	3	3	3	3	3	3	3
Environmental	-	1	2	2	2	2	2	2	2	2
<b>Judicial</b>										
Judges/justices of the peace	7	7	7	7	7	6	6	6	7	6
Criminal District Attorney	1	1	1	1	1	1	1	1	1	1
Assistant prosecutors	8	6	6	6	5	5	5	5	4	4
Paraprofessionals	4	5	5	5	5	5	5	4	5	6
Clerical	13	13	13	13	13	13	13	14	13	11
<b>Public safety</b>										
County sheriff	1	1	1	1	1	1	1	1	1	1
Constables	3	4	4	4	4	4	4	4	4	4
Patrol/CID	29	28	28	27	28	28	40	34	29	29
Jailers	70	62	59	61	72	72	77	67	78	79
Administration	13	11	11	10	12	12	5	7	15	23
Juvenile probation	1	1	1	1	1	1	1	1	-	1
Communications	13	13	13	13	13	13	13	13	-	-
<b>Health and welfare</b>										
Indigent health care	-	-	-	-	-	2	2	2	2	2
<b>Roads and highways</b>										
County Commissioners	4	4	4	4	4	4	4	4	4	4
Road employees	<u>28</u>	<u>32</u>	<u>31</u>	<u>30</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>33</u>	<u>33</u>	<u>32</u>
<b>Total</b>	240	235	233	231	248	248	258	242	250	255

Source: Navarro County Treasurer

# NAVARRO COUNTY, TEXAS

## OPERATING INDICATORS BY FUNCTION/PROGRAM

### LAST TEN FISCAL YEARS

*(Unaudited)*

Function/Program	Fiscal Year				
	2016	2015	2014	2013	2012
<b>General Government</b>					
Auditor's office					
Accounts payable checks issued	6,781	6,611	7,146	7,652	7,374
Treasurer's office					
Payroll checks issued	826	861	912	875	1,060
Cash receipts issued	3,383	3,030	3,127	3,267	3,205
County clerk					
Marriage licenses issued	358	349	346	420	393
Declarations of informal marriage	6	8	17	9	8
Birth certificates issued	3,273	3,566	571	489	580
Death certificates issued	442	398	418	423	422
Tax office					
Title transactions	11,802	11,590	11,469	11,480	11,324
Registration transactions	50,911	50,262	51,056	51,123	50,368
Tax certificates issued	1,801	1,495	1,635	1,734	1,768
Liquor receipts issued	15	18	15	14	22
Beer and wine receipts issued	45	26	27	41	40
Elections administration					
Number of registered voters	27,738	26,339	25,924	26,947	26,631
<b>Judicial</b>					
District court					
Civil cases filed	642	657	761	736	821
Civil cases disposed	779	924	685	986	920
Criminal cases filed	538	505	522	609	705
Criminal cases disposed	556	505	522	609	705
Juvenile cases filed	13	15	18	11	32
Juvenile cases disposed	20	505	522	609	705
Statutory County court					
Civil cases filed	451	435	472	486	342
Civil cases disposed	354	435	472	486	342
Criminal cases filed	433	348	366	384	224
Criminal cases disposed	376	298	391	286	121
Juvenile cases filed	14	15	21	14	20
Juvenile cases disposed	11	17	15	13	14
County court					
Civil cases filed	416	84	88	152	109
Civil cases disposed	116	74	65	105	301
Criminal cases filed	2,507	1,478	1,581	1,769	1,781
Criminal cases disposed	2,831	1,468	1,539	1,649	1,755
Justices of the peace					
Civil cases filed	706	656	667	667	625
Civil cases disposed	653	640	638	617	452
Criminal cases filed	6,715	5,928	7,182	7,295	6,255
Criminal cases disposed	5,485	5,239	5,973	6,136	4,539

**TABLE 16**

Fiscal Year				
2011	2010	2009	2008	2007
8,474	9,232	11,576	9,389	9,389
1,568	1,706	1,906	2,192	2,192
3,538	2,727	2,611	2,959	2,959
400	395	380	377	377
9	14	4	7	7
474	470	650	1,864	1,864
379	393	553	451	451
10,554	10,079	9,873	11,343	11,343
49,015	48,819	48,746	48,077	48,077
1,569	1,602	1,496	1,731	1,731
16	25	39	32	32
13	11	53	45	45
26,448	26,233	26,949	25,067	25,067
1,264	1,377	1,413	1,422	1,422
1,035	1,401	1,330	1,307	1,307
827	777	696	730	730
827	777	696	730	730
28	51	62	41	41
827	777	696	730	730
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
438	183	138	109	109
126	144	121	94	94
2,937	1,382	1,476	1,948	1,948
1,833	1,702	2,074	2,054	2,054
549	475	462	764	764
403	402	511	491	491
6,813	8,130	7,246	10,256	10,256
7,285	7,915	6,563	10,595	10,595

# NAVARRO COUNTY, TEXAS

## OPERATING INDICATORS BY FUNCTION/PROGRAM

### LAST TEN FISCAL YEARS

*(Unaudited)*

Function/Program	Fiscal Year				
	2016	2015	2014	2013	2012
<b>Public Safety</b>					
County jail					
Detention officers	70	68	60	59	72
Total persons jailed	3,122	3,552	3,493	3,596	3,884
Average prisoner days	218	200	215	211	193
Cost per prisoner day	\$ 68.75	\$ 78.84	\$ 64.29	\$ 64.57	\$ 71.13
County sheriff					
Administration officers	13	13	12	13	12
Patrol officers	21	21	21	22	21
Detectives	8	8	7	7	7
Environmental officers	-	-	1	1	2
Arrests - NCSO	1,551	1,738	1,690	1,788	1,815
Warrants served- NCSO	-	676	559	558	538
Communications					
Communications officers	13	13	12	12	13
911 calls	26,359	27,630	25,269	23,368	22,798
Calls for service	31,884	17,265	16,585	16,481	16,524
NCSO vehicles					
Vehicles in fleet	69	65	61	66	66
Miles driven	1,004,800	878,043	1,181,277	916,939	885,112
Average miles per vehicle	14,562	13,540	19,365	13,893	13,411
Gasoline used (gallons)	1,043	67,100	83,600	65,040	68,693
Health and welfare					
Number of pauper burial/cremation	-	-	-	1	-
Indigent health care					
Applications approved for assistance	-	-	-	-	-
Texas AgriLife Extension Service					
Number of educational presentations	346	143	136	498	581
Number of participants in educational presentations	38,443	9,731	9,191	9,310	16,082
Roads and highways					
Miles of roadways chip sealed	-	-	-	-	16
Miles of roadways reconstructed	10	27	2	1	2
Miles of roadways overlaid	2	1	6	11	7
Number of culverts installed	97	51	84	107	91



**TABLE 16**

Fiscal Year				
2011	2010	2009	2008	2007
72	72	72	78	78
4,232	4,201	3,813	3,806	3,806
205	194	190	231	231
\$ 65.74	\$ 71.70	\$ 76.19	\$ 105.33	\$ 105.33
12	12	12	15	15
24	24	24	24	24
7	7	7	7	7
2	2	2	2	2
1,858	1,406	1,447	1,366	1,366
633	699	10,954	10,915	10,915
13	13	13	13	13
22,777	20,532	20,792	20,585	20,585
16,841	17,443	18,013	17,883	17,883
66	66	69	56	56
878,032	932,488	920,401	959,457	959,457
13,304	14,129	13,945	17,133	17,133
67,605	64,720	61,420	57,971	57,971
2	6	2	5	5
-	192	155	97	97
338	332	454	243	243
11,825	20,405	16,564	9,930	9,930
16	1	2.0	1.6	1.6
30	82	12.0	3.7	3.7
16	35	-	33.7	33.7
95	47	45	49	49

## NAVARRO COUNTY, TEXAS

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

#### LAST TEN FISCAL YEARS

*(Unaudited)*

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government										
Courthouse	1	1	1	1	1	1	1	1	1	1
Touchscreen voting machines	150	145	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	-	-	-	-	-	-
Public safety										
Justice center	1	1	1	1	1	1	1	1	1	1
Sheriff's vehicles	87	64	61	61	66	73	67	68	68	69
Emergency management										
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
Roads and highways										
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