

NAVARRO COUNTY, TEXAS

Annual Comprehensive Financial Report

**For The Fiscal Year Ended
September 30, 2021**

Prepared by:
County Auditor's Office

NAVARRO COUNTY, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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SEPTEMBER 30, 2021

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INTRODUCTORY SECTION

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NAVARRO COUNTY AUDITOR'S OFFICE

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Corsicana, Texas 75110
e-mail: auditor@navarrocourt.org

Terri L. Gillen
County Auditor

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

Natalie Robinson, First Assistant
Lisa Clay, Assistant
Krystal McCollum, Assistant
Patty Mosley, Assistant
Jan Wise, Assistant

June 30, 2022

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

The County Auditor's Office proudly presents the Annual Comprehensive Financial Report (ACFR) of Navarro County, Texas for the fiscal year ended September 30, 2021. 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, 2021, 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 2021 Census, the estimated population for the County was 50,113.

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 – Employment numbers decreased during 2021. Navarro County had an unemployment rate of 5.1 percent, while the rate in December 2020 was 6.0 percent. The historic downtown district has made a major impact in Corsicana and continues to grow.

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.

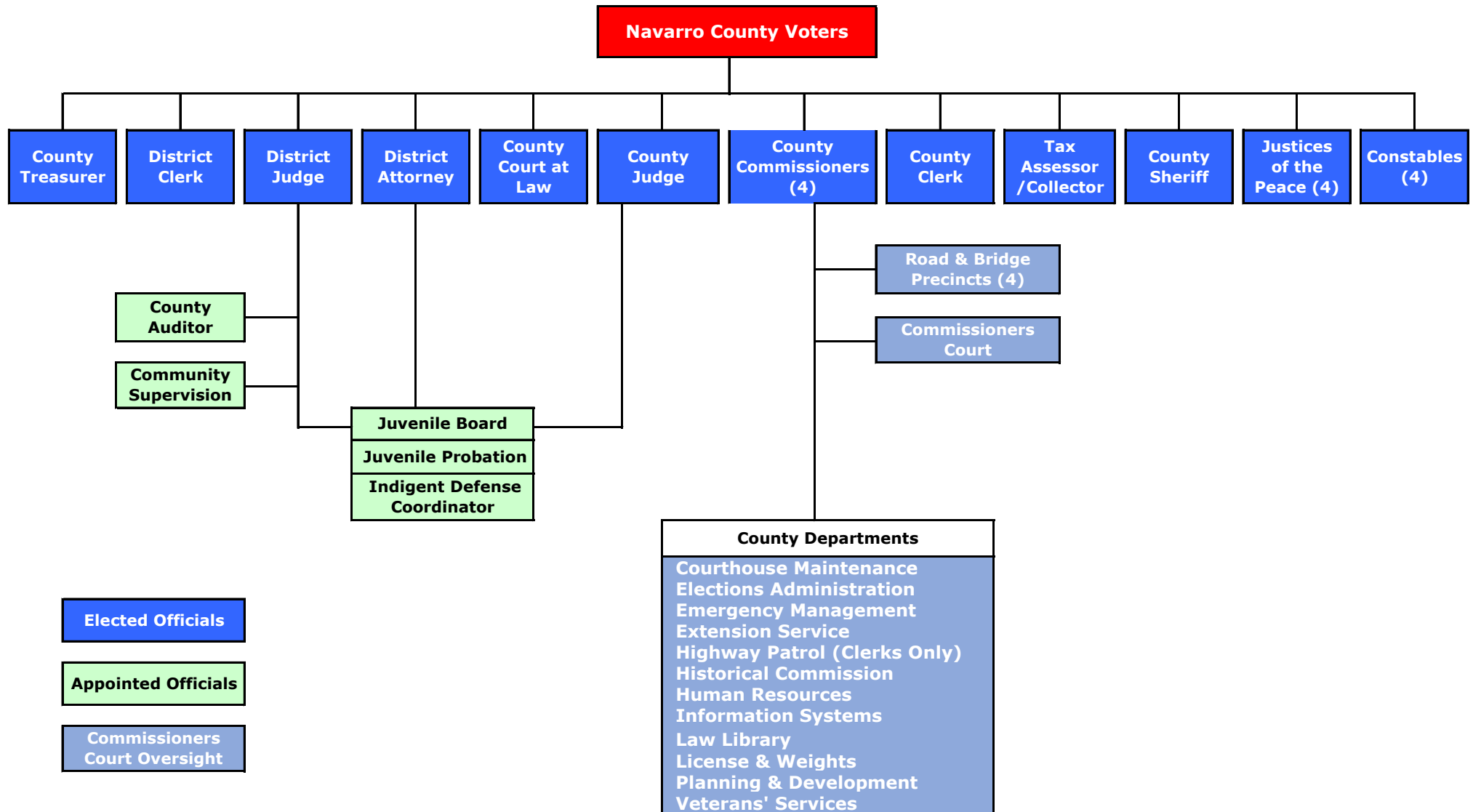
I would like to express my appreciation to the staff of the County Auditor's Office for their continuing diligence and dedication to the ever-changing responsibilities of the office. I would also like to thank the District Judge and the Commissioners' Court of Navarro County for their leadership and support during the past year.

Sincerely,

Terri Gillen

Terri Gillen
Navarro County Auditor

NAVARRO COUNTY, TEXAS
 ORGANIZATIONAL CHART
 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2021



NAVARRO COUNTY, TEXAS
PRINCIPAL OFFICIALS
For the Year Ending September 30, 2021

Commissioners Court

H.M. Davenport, Jr.	County Judge
Jason Grant	Commissioner, Precinct 1
Eddie Perry	Commissioner, Precinct 2
Eddie Moore	Commissioner, Precinct 3
James Olsen	Commissioner, Precinct 4

Judicial

James Lagomarsino	Judge, 13th District Court
Amanda Putman	Judge, County Court At Law
Greta Jordan	Justice of the Peace, Precinct 1
Darrell Waller	Justice of the Peace, Precinct 2
Jackie Freeland	Justice of the Peace, Precinct 3
John Cobano	Justice of the Peace, Precinct 4

Law Enforcement

Elmer Tanner	County Sheriff
William Thompson **	District Attorney
Mike Davis	Constable, Precinct 1
Dan Williams	Constable, Precinct 2
Bobby Rachel	Constable, Precinct 3
Kipp Thomas	Constable, Precinct 4
Chris Aldama*	Adult Probation Director
Chris Garrett*	Juvenile Probation Director

Financial Administration

Terri Gillen *	County Auditor
Ryan Douglas	County Treasurer
Mike Dowd	County Tax Assessor-Collector

Recording Officials

Joshua Tackett	District Clerk
Sherry Dowd	County Clerk

*Appointed officials. All others are elected

** Appointed by the Governor of Texas

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Navarro County, Texas, as of and for the year ended September 30, 2021, 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 judgement, 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 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, 2021, 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in fiscal year 2021 the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as presented in the table of contents, 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 basis financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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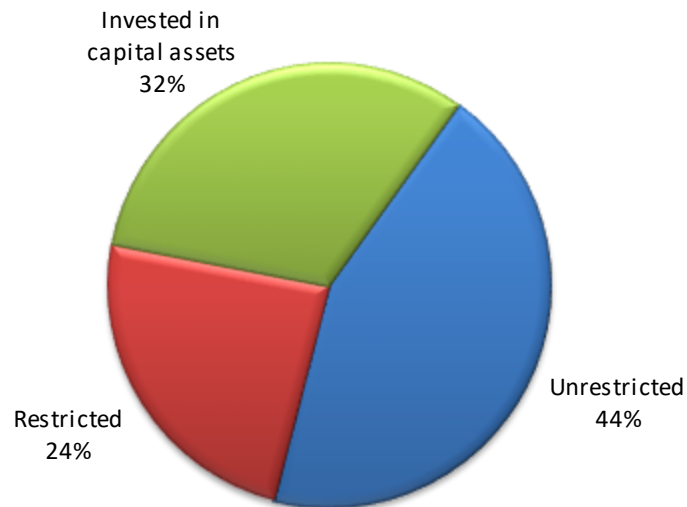
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2021. We encourage readers to consider the information presented here in conjunction with the independent auditor's report on page 1 and the County's basic financial statements that begin on page 11.

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 2021 by \$24,800,081 and is reported as total net position. Of this amount, \$11,004,426 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$5,927,055 is restricted for specific purposes (restricted net position) and \$7,868,600 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 \$21,513,332 of which \$14,372,554 or 67% represents unassigned fund balances.
- At the end of the current fiscal year, the General Fund unassigned fund balance was \$14,414,585 or 63% of total General Fund expenditures.
- The County's long-term liabilities increased by \$2,439,956, primarily caused by an increase in the Net Pension and OPEB liabilities. The increase in OPEB liabilities was primarily the result of the County adopting a long term debt benefit plan.

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.

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 11 – 12 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: 22 Special Revenue Funds, 1 Debt Service Fund, 1 Capital Projects Fund 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, HIDTA Fund, and American Rescue Plan 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, debt service 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 13 – 16 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. A description of all fiduciary funds held by the County can be found preceding page 64 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 19 - 39 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 40 – 47 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 48 – 67 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 \$24,800,081 as of September 30, 2021, an increase of \$3,402,565 as compared with the previous fiscal year. This increase was primarily caused by increases in property and sales tax, and a decrease in Health and Welfare expenses.

Part of the County's net position for the current fiscal year (44%) 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	
	2021	2020
Current and other assets	\$ 29,745,416	\$ 20,086,388
Capital assets	<u>14,869,405</u>	<u>15,478,065</u>
Total assets	<u>44,614,821</u>	<u>35,564,453</u>
Deferred outflows of resources	<u>5,526,496</u>	<u>1,810,504</u>
Total deferred outflows of resources	<u>5,526,496</u>	<u>1,810,504</u>
Current and other liabilities	6,757,089	885,879
Long-term liabilities	<u>15,278,517</u>	<u>12,838,561</u>
Total liabilities	<u>22,035,606</u>	<u>13,724,440</u>
Deferred inflows of resources	<u>3,305,630</u>	<u>2,253,001</u>
Total deferred inflows of resources	<u>3,305,630</u>	<u>2,253,001</u>
Net position:		
Net investment in capital assets	7,868,600	7,705,458
Restricted	5,927,055	6,300,463
Unrestricted	<u>11,004,426</u>	<u>7,391,595</u>
Total net position	\$ <u>24,800,081</u>	\$ <u>21,397,516</u>

Assets as of September 30, 2021, reflect an increase of \$9,050,368, (25%) over assets at the end of fiscal year 2020. Of Navarro County's total assets, the largest components are 1) capital assets of \$14,869,405, (33%), 2) cash and investments of \$26,671,751, (60%), 3) property taxes receivable of \$1,163,240, (3%), and 4) due from other governments of \$1,038,078 (2%). Capital assets are non-liquid assets and cannot be utilized to satisfy County obligations.

Total liabilities increased \$8,311,166, (61%) in comparison with fiscal year 2020 due to increases in the Net Pension and OPEB liabilities. Navarro County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,800,081 at the close of the fiscal year. Of this amount, \$5,927,055, (24%) 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, \$7,868,600, (32%) 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 \$11,004,426, (44%) represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors.

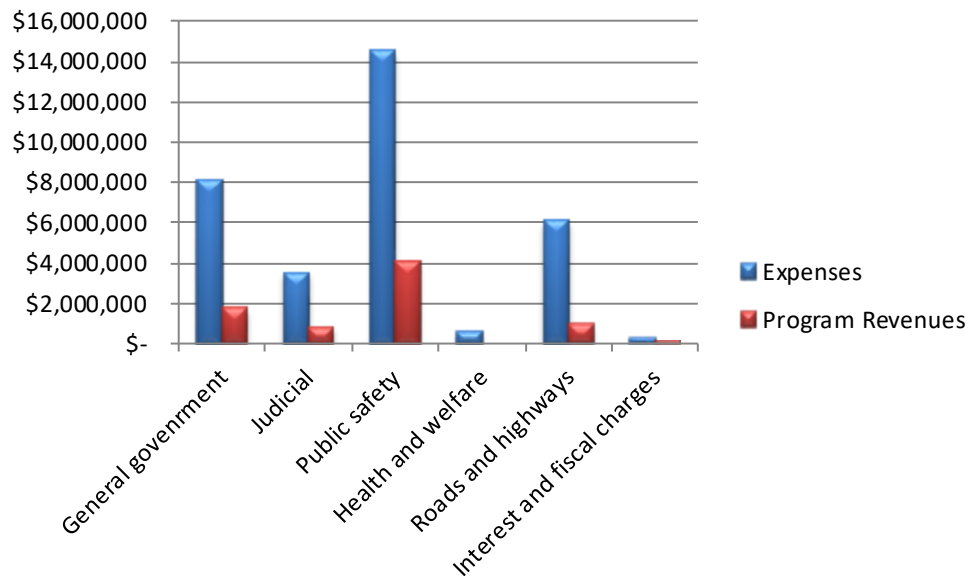
At the end of the current fiscal year, the County reported positive net position in all three categories of net position for its governmental activities.

Governmental Activities. Governmental activities increased the County's net position by \$3,402,565 during the current fiscal year. A key element of this increase includes property tax and sales tax revenue.

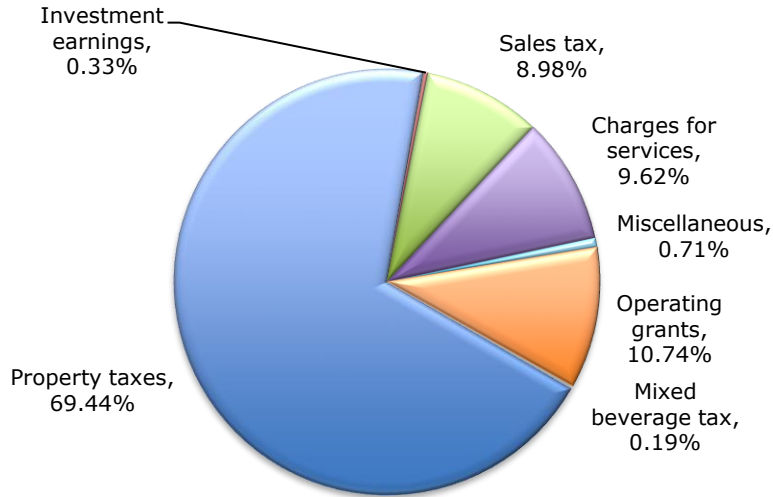
NAVARRO COUNTY'S CHANGES IN NET POSITION

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 3,594,754	\$ 3,612,184
Operating grants and contributions	4,015,761	5,945,622
Capital grants and contributions	-	245,723
General revenues:		
Property taxes	25,959,503	24,744,486
Sales tax	3,358,084	2,848,202
Taxes from the sale of alcohol	69,233	54,011
Interest on investments	126,150	343,083
Miscellaneous	263,841	414,219
Gain from sale of capital assets	-	353,990
Total revenues	<u>37,387,326</u>	<u>38,561,520</u>
Expenses:		
General government	8,128,277	8,446,728
Judicial	3,501,566	3,463,930
Public safety	14,531,672	14,955,859
Health and welfare	634,110	1,389,237
Roads and highways	6,134,217	5,742,915
Interest and other charges on long-term debt	<u>258,848</u>	<u>268,060</u>
Total expenses	<u>33,188,690</u>	<u>34,266,729</u>
Special item	<u>(796,071)</u>	<u>-</u>
Change in net position	3,402,565	4,294,791
Net position, beginning	<u>21,397,516</u>	<u>17,102,725</u>
Net position, ending	<u>\$ 24,800,081</u>	<u>\$ 21,397,516</u>

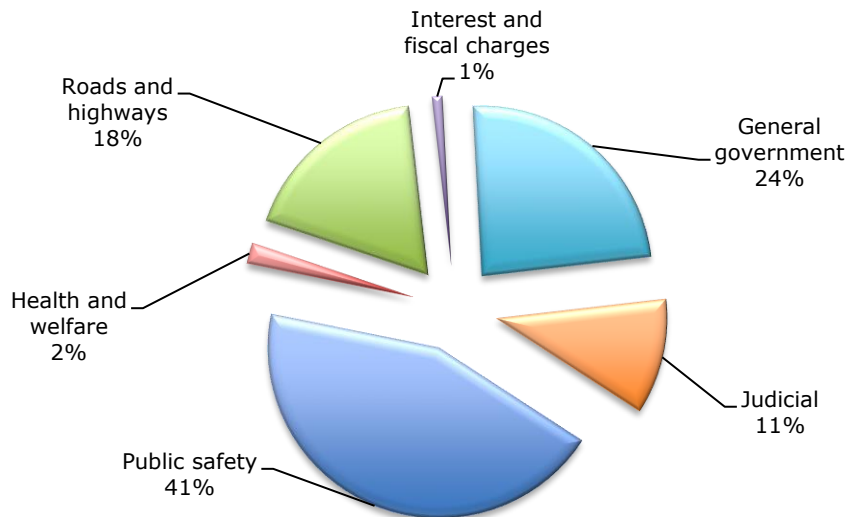
Charges for services decreased \$17,430 (0%). Operating grants and contributions decreased by \$1,929,861 (32%), capital grants and contributions decreased by \$245,723 (100%), property taxes increased by \$1,215,017 (5%) and sales tax revenue increased by \$509,882 (18%), resulting in an increase in total revenues of \$1,174,194 (3%). The increase in property taxes is the result of an increase in the taxable value of property in Navarro County.



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, 2021, the County's governmental funds reported combined ending fund balances of \$21,513,332 an increase of \$4,667,638 in comparison with the prior year. Approximately \$14,372,554 (67%) 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 nonspendable, restricted or committed to indicate that it is not available for new spending because it has been committed to pay flood control (\$1,824,965), road and bridge (\$2,043,945), public safety (\$1,033,244), records management and preservation (\$440,793), election administration (\$173,531), court security and technology (\$120,269) debt service (\$96,900), and capital projects

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 \$14,414,585, while total fund balance reached \$15,815,420. The fund balance of the County's General Fund increased \$5,031,827 during the current fiscal year. The primary causes for this increase were due to increased property tax and sales tax revenues.

The HIDTA (Texoma High Intensity Drug Trafficking) Fund, has no fund balance because it is funded entirely by intergovernmental revenue on a reimbursement basis. Revenues and expenditures have steadily increased as salaries and demand for services have increased.

The American Rescue Plan Fund is used to account for the American Rescue Plan Act 2021 stimulus funding received from the U.S. Government related to the COVID-19 pandemic. The County will begin to spend this money in fiscal year 2022.

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the original expenditure budget and the final amended budget of the General Fund are attributable to the ongoing increase of inmates in the county jail and anticipated need to house inmates in Out of County facilities due to our maximum capacity.

During the year, budgetary estimates were exceeded by actual revenues by \$5,137,423. Actual expenditures were less than budgetary estimates by \$1,502,368. The net effect of under-realization of revenue and over-utilization of appropriations resulted in a positive variance of \$6,639,791.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Navarro County's investment in capital assets for its governmental type activities as of September 30, 2021, amounts to \$14,869,405 (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	
	2021	2020
Land	\$ 1,240,126	\$ 1,240,126
Buildings and improvements	10,056,822	10,227,403
Machinery and equipment	3,070,155	3,358,616
Infrastructure	<u>502,302</u>	<u>651,920</u>
Total capital assets	<u>\$ 14,869,405</u>	<u>\$ 15,478,065</u>

Major capital asset events during the current fiscal year included:

- Purchase of four Chevrolet Tahoes for \$153,942.
- Purchase of two buildings for a total of \$442,197.

Additional information regarding the County's capital assets can be found in Note II, C of this report.

Long-term Debt. At September 30, 2021, the County had total long-term debt outstanding of \$7,230,231. 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	
	2021	2020
General obligation bonds	\$ 5,715,000	\$ 6,050,000
Tax notes	810,000	957,000
Capital leases	475,805	765,607
Compensated absences	<u>229,426</u>	<u>241,891</u>
	<u>\$ 7,230,231</u>	<u>\$ 8,014,498</u>

The net amount of long-term debt decreased by \$624,802. This decrease is a result of the County paying off multiple capital leases along with continued payment on existing debt. Additional information on Navarro County's long-term debt can be found in Note II, E 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Commissioners' Court has adopted the County's budget for the fiscal year ended September 30, 2022. The budget was adopted based on estimated balances that would be available at the end of fiscal year 2021 and estimated revenues to be received in fiscal year 2022. The total available resources for all funds for fiscal year 2022 are \$15,406,878. For the County's General Fund, the 2022 budget utilizes \$5,980,288 of available funds.

The 2021 property tax rate was \$0.6045/\$100 valuation, the rate is lower than the previous year. As a result of an increase in taxable value, the County expects tax revenue collected during fiscal year 2022 to increase 4.85% from projected collections for fiscal year 2021. Additionally, the County's budget anticipates all other sources of revenue will remain at approximately the same levels as fiscal year 2021.

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, 300 W. Third Ave., Suite 4, Corsicana, Texas 75110.

**BASIC
FINANCIAL STATEMENTS**

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NAVARRO COUNTY, TEXAS**STATEMENT OF NET POSITION**

SEPTEMBER 30, 2021

	Governmental Activities
ASSETS	
Cash	\$ 25,032,268
Investments	1,639,483
Accounts receivable, net	872,347
Property taxes receivable, net	1,163,240
Due from other governments	1,038,078
Capital assets, net:	
Nondepreciable	1,240,126
Depreciable	<u>13,629,279</u>
Total assets	<u>44,614,821</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	5,120,920
Deferred outflows related to OPEB	<u>405,576</u>
Total deferred outflows of resources	<u>5,526,496</u>
LIABILITIES	
Accounts payable	1,762,504
Due to other governments	93,743
Unearned revenue	4,866,932
Accrued interest	33,910
Noncurrent liabilities:	
Due within one year:	
Long-term debt	740,077
Total OPEB liability	64,166
Due in more than one year:	
Long-term debt	6,490,154
Net pension liability	5,248,172
Total OPEB liability	<u>2,735,948</u>
Total liabilities	<u>22,035,606</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	3,053,450
Deferred inflows related to OPEB	<u>252,180</u>
Total deferred inflows of resources	<u>3,305,630</u>
NET POSITION	
Net investment in capital assets	7,868,600
Restricted for:	
Flood protection projects	1,839,301
Repairs and construction of roads and bridges	2,215,833
Law enforcement	1,033,244
Health and welfare	1,786
Records management and preservation	440,793
Election administration	173,531
Court security and technology	120,269
Debt service	97,788
Capital projects	4,510
Unrestricted	<u>11,004,426</u>
Total net position	<u>\$ 24,800,081</u>

NAVARRO COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenues and Changes in Net Position
		Fines, Fees, and Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government				
Governmental activities:				
General government	\$ 8,128,277	\$ 1,697,006	\$ 72,697	\$(6,358,574)
Judicial	3,501,566	638,133	204,373	(2,659,060)
Public safety	14,531,672	400,687	3,642,740	(10,488,245)
Health and welfare	634,110	-	-	(634,110)
Roads and highways	6,134,217	858,928	95,951	(5,179,338)
Interest and other charges on long-term debt	258,848	-	-	(258,848)
Total governmental activities	33,188,690	3,594,754	4,015,761	(25,578,175)
Total primary government	\$ 33,188,690	\$ 3,594,754	\$ 4,015,761	(25,578,175)
General revenues:				
Taxes:				
Property				25,959,503
Sales				3,358,084
Mixed beverage				69,233
Interest on investments				126,150
Miscellaneous				263,841
Total general revenues				29,776,811
Special item				(796,071)
Change in net position				3,402,565
Net position, beginning				21,397,516
Net position, ending				\$ 24,800,081

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

NAVARRO COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	General	HIDTA	American Rescue Plan	Other Governmental Funds	Total
ASSETS					
Cash	\$ 13,979,111	\$ 48,910	\$ 4,868,718	\$ 6,135,529	\$ 25,032,268
Investments	1,241,414	-	-	398,069	1,639,483
Accounts receivable, net	749,785	-	-	122,562	872,347
Property taxes receivable, net	913,592	-	-	249,648	1,163,240
Due from other governments	623,034	372,251	-	42,793	1,038,078
Due from other funds	1,211,057	-	-	389,912	1,600,969
Total assets	<u>18,717,993</u>	<u>421,161</u>	<u>4,868,718</u>	<u>7,338,513</u>	<u>31,346,385</u>
LIABILITIES					
Accounts payable	1,520,947	41,979	-	199,578	1,762,504
Due to other governments	93,743	-	-	-	93,743
Due to other funds	-	379,182	-	1,221,787	1,600,969
Unearned revenue	-	-	4,866,932	-	4,866,932
Total liabilities	<u>1,614,690</u>	<u>421,161</u>	<u>4,866,932</u>	<u>1,421,365</u>	<u>8,324,148</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>1,287,883</u>	<u>-</u>	<u>-</u>	<u>221,022</u>	<u>1,508,905</u>
Total deferred inflows of resources	<u>1,287,883</u>	<u>-</u>	<u>-</u>	<u>221,022</u>	<u>1,508,905</u>
FUND BALANCES					
Restricted for:					
Flood protection projects	-	-	-	1,824,965	1,824,965
Repairs and construction of roads and bridges	-	-	-	2,043,945	2,043,945
Law enforcement	-	-	-	1,033,244	1,033,244
Health and welfare	-	-	1,786	-	1,786
Records management and preservation	-	-	-	440,793	440,793
Election Administration	-	-	-	173,531	173,531
Court security and technology	-	-	-	120,269	120,269
Debt service	-	-	-	96,900	96,900
Capital Projects	-	-	-	4,510	4,510
Assigned for subsequent year's budget	1,400,835	-	-	-	1,400,835
Unassigned	<u>14,414,585</u>	<u>-</u>	<u>-</u>	<u>(42,031)</u>	<u>14,372,554</u>
Total fund balances	<u>15,815,420</u>	<u>-</u>	<u>1,786</u>	<u>5,696,126</u>	<u>21,513,332</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,717,993</u>	<u>\$ 421,161</u>	<u>\$ 4,868,718</u>	<u>\$ 7,338,513</u>	<u>\$ 31,346,385</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, 2021

Total fund balances - governmental funds balance sheet \$ 21,513,332

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. 14,869,405

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	\$(33,910)	
Bonds payable	(5,715,000)	
Tax notes payable	(810,000)	
Capital leases payable	(475,805)	
Compensated absences	(229,426)	
Deferred outflow related to pensions	5,120,920	
Deferred outflow related to OPEB	405,576	
Deferred inflow related to pensions	(3,053,450)	
Deferred inflow related to OPEB	(252,180)	
Net pension liability	(5,248,172)	
Total OPEB liability	<u>(2,800,114)</u>	
Total long-term liabilities		(13,091,561)

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

Fines and court costs	495,046	
Property taxes	<u>1,013,859</u>	
Total long-term assets		<u>1,508,905</u>

Net position of governmental activities \$ 24,800,081

NAVARRO COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General	HIDTA	American Rescue Plan	Other Governmental Funds	Total Governmental
REVENUES					
Property taxes	\$ 20,963,791	\$ -	\$ -	\$ 5,004,663	\$ 25,968,454
Sales and other taxes	3,427,317	-	-	-	3,427,317
Intergovernmental	1,152,894	3,517,200	-	46,050	4,716,144
License and permits	-	-	-	858,928	858,928
Fees of office	1,875,542	-	-	511,829	2,387,371
Fines and forfeitures	296,366	-	-	228,672	525,038
Interest on investments	88,614	-	1,786	35,750	126,150
Other	259,739	-	-	2,233	261,972
Total revenues	<u>28,064,263</u>	<u>3,517,200</u>	<u>1,786</u>	<u>6,688,125</u>	<u>38,271,374</u>
EXPENDITURES					
Current:					
General government	7,023,264	-	-	272,655	7,295,919
Judicial	3,399,598	-	-	144,045	3,543,643
Public safety	10,623,594	3,517,200	-	-	14,140,794
Health and welfare	634,588	-	-	-	634,588
Roads and highways	-	-	-	5,715,939	5,715,939
Debt service:					
Principal	336,685	-	-	590,045	926,730
Interest and other	33,065	-	-	231,880	264,945
Capital outlay	610,535	-	-	253,577	864,112
Intergovernmental:					
Tax increment reinvestment	391,147	-	-	-	391,147
Total expenditures	<u>23,052,476</u>	<u>3,517,200</u>	<u>-</u>	<u>7,208,141</u>	<u>33,777,817</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,011,787</u>	<u>-</u>	<u>1,786</u>	<u>(520,016)</u>	<u>4,493,557</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	20,040	-	-	-	20,040
Issuance of capital lease	-	-	-	154,041	154,041
Total other financing sources and uses	<u>20,040</u>	<u>-</u>	<u>-</u>	<u>154,041</u>	<u>174,081</u>
NET CHANGE IN FUND BALANCES	<u>5,031,827</u>	<u>-</u>	<u>1,786</u>	<u>(365,975)</u>	<u>4,667,638</u>
FUND BALANCES, BEGINNING	<u>10,783,593</u>	<u>-</u>	<u>-</u>	<u>6,062,101</u>	<u>16,845,694</u>
FUND BALANCES, ENDING	<u>\$ 15,815,420</u>	<u>\$ -</u>	<u>\$ 1,786</u>	<u>\$ 5,696,126</u>	<u>\$ 21,513,332</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, 2021

Net change in fund balances - total governmental funds \$ 4,667,638

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

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 depreciation exceeded capital outlays in the current period.

Capital outlay	\$ 882,284	
Retirement of capital assets	(61,593)	
Depreciation expense	<u>(1,429,351)</u>	
Net adjustment		(608,660)

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

Repayments:		
Certificates of obligation	482,000	
Capital lease	<u>443,843</u>	
Net adjustment		925,843

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	(120,782)	
Property taxes	(8,951)	
Grants	<u>(756,184)</u>	
Net adjustment		(885,917)

The issuance of long-term debt (e.g. capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

(154,041)

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	6,097	
Compensated absences	12,465	
OPEB expense	(168,321)	
Special item	(796,071)	
Pension expense	<u>403,532</u>	
Net adjustment		(542,298)

Change in net position of governmental activities \$ 3,402,565

NAVARRO COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2021

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 6,014,005
Investments	<u>489,405</u>
Total assets	<u>6,503,410</u>
LIABILITIES	
Due to other governments	<u>1,866,964</u>
Total liabilities	<u>1,866,964</u>
NET POSITION	
Restricted for:	
Individuals and organizations	<u>4,636,446</u>
Total net position	<u>\$ 4,636,446</u>

NAVARRO COUNTY, TEXAS**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****FIDUCIARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Custodial Funds
ADDITIONS	
Registry deposits	\$ 357,139
Receipts from inmates	413,372
State funds received	2,239,432
Seizures collections	43,196
Restitution collections	1,139,711
Hot check collections	6,688
Tax collections	67,518,717
Vehicle registration collections	12,710,821
Cash bond receipts	112,484
Investment earnings	515
Total additions	<u>84,542,075</u>
DEDUCTIONS	
Registry withdrawals	30,515
Registry fees to clerk	61,055
Inmate disbursement	496,443
Disbursements to others	466,009
State disbursements	2,356,503
Seizure disbursements	20,982
Restitution paid	1,133,121
Hot check disbursements	17,484
Tax disbursements	67,761,008
Vehicle registration disbursements	<u>12,468,530</u>
Total deductions	<u>84,811,650</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(269,575)
NET POSITION, BEGINNING	-
PRIOR PERIOD ADJUSTMENT	<u>4,906,021</u>
NET POSITION, ENDING	<u>\$ 4,636,446</u>

NAVARRO COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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, 2021.

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, and the HIDTA Grant Fund, and American Rescue Plan Act 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, Debt Service and Capital Project 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, as well as the fiduciary fund financial 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 Texoma High Intensity Drug Trafficking Area (HIDTA) through a grant from the Federal Office of National Drug 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 **American Rescue Plan Fund** is used to account for the American Rescue Plan Act 2021 stimulus funding received from the U.S. Government related to the COVID-19 pandemic.

Additionally, the County reports the following fiduciary fund type:

Custodial Funds account for monies held in various agencies and entities, but not held in a trust.

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

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

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

1. Deposits and Investments

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

Investments for the County are reported at fair value, except for the position in investment pools. The County's investments in Pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

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. Capital Assets

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

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

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

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

4. *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.

5. *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.

6. *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 and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in expected and actual OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in OPEB actuarial assumptions - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

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

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

7. 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.

8. 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.

9. Pensions

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

10. Other post-employment benefits

Retiree Health Insurance. For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the County for benefits due and payable that are not reimbursed by plan assets. Information regarding the County's total OPEB liability is obtained from a report prepared by a consulting actuary.

TCDRS Group Term Life Fund. The County participates in the Texas County & District Group Term Life Fund (TCDRS GTLF), which is an optional single-employer defined benefit life insurance plan that is administered by TCDRS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating entity as a percentage of that County's covered payroll. The death benefit for retirees is considered an other postemployment benefit (OPEB). The OPEB program is an unfunded trust because the GTLF trust covers both actives and retirees and is not segregated. The Total OPEB Liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

11. Unearned Revenue

The County reports unearned revenues for cash received under grant awards for which eligible expenditures have not yet been incurred. The amounts will be recognized as revenue in future years as program expenditures are incurred.

12. Estimates

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

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash and Investments

The following table shows the amounts of cash and investments held by the County as of September 30, 2021.

	Governmental Activities	Fiduciary Funds	Total	Weighted Average Maturity (Days)
Investments:				
TexPool Prime	\$ 1,145,483	\$ 489,405	\$ 1,634,888	48
Non-negotiable CDs	494,000	-	494,000	24
Cash deposits	<u>25,032,268</u>	<u>6,014,005</u>	<u>31,046,273</u>	
Portfolio Weighted Average Maturity				72
Total cash and investments	<u>\$ 26,671,751</u>	<u>\$ 6,503,410</u>	<u>\$ 33,175,161</u>	

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

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

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2019, 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 Custodial 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, 2021.

Property taxes receivable:	
General fund	\$ 1,268,640
Road and bridge funds	274,095
Debt service fund	49,754
Flood control fund	22,824
Less: allowance for uncollectibles	(452,073)
	<u>\$ 1,163,240</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 \$0.6045 was levied for the 2020 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:

	General	Nonmajor	Total
Miscellaneous	\$ 254,739	\$ 122,562	\$ 377,301
Court fines	<u>24,752,280</u>	<u>-</u>	<u>24,752,280</u>
	<u>25,007,019</u>	<u>122,562</u>	<u>25,129,581</u>
Less: allowance for uncollectibles	<u>(24,257,234)</u>	<u>-</u>	<u>(24,257,234)</u>
Total	<u>\$ 749,785</u>	<u>\$ 122,562</u>	<u>\$ 872,347</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	\$ 792,837
Court fines	<u>495,046</u>
Total general fund	<u>1,287,883</u>
Nonmajor governmental funds	
Delinquent property taxes	<u>221,022</u>
Total nonmajor governmental funds	<u>221,022</u>
Total governmental funds	<u>\$ 1,508,905</u>

C. Capital Assets

Capital assets activity for the year ended September 30, 2021, are as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ <u>1,240,126</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,240,126</u>
Total assets not being depreciated	<u>1,240,126</u>	<u>-</u>	<u>-</u>	<u>1,240,126</u>
Capital assets, being depreciated:				
Buildings and improvements	23,072,840	442,197	(5,460)	23,509,577
Machinery and equipment	11,974,507	440,087	(97,055)	12,317,539
Infrastructure	<u>25,000,858</u>	<u>-</u>	<u>-</u>	<u>25,000,858</u>
Total capital assets being depreciated	<u>60,048,205</u>	<u>882,284</u>	<u>(102,515)</u>	<u>60,827,974</u>
Less accumulated depreciation:				
Buildings and improvements	(12,845,437)	(612,778)	5,460	(13,452,755)
Machinery and equipment	(8,615,891)	(688,259)	56,766	(9,247,384)
Infrastructure	<u>(24,348,938)</u>	<u>(149,618)</u>	<u>-</u>	<u>(24,498,556)</u>
Total accumulated depreciation	<u>(45,810,266)</u>	<u>(1,450,655)</u>	<u>62,226</u>	<u>(47,198,695)</u>
Total capital assets being depreciated, net	<u>14,237,939</u>	<u>(568,371)</u>	<u>(40,289)</u>	<u>13,629,279</u>
Governmental activities capital assets, net	<u>\$ 15,478,065</u>	<u>\$ (568,371)</u>	<u>\$ (40,289)</u>	<u>\$ 14,869,405</u>

Depreciation expense for fiscal year 2021 was charged to functions and programs of the County as follows:

General government	\$ 461,832
Public safety	547,830
Roads and highways	<u>440,993</u>
	<u>\$ 1,450,655</u>

D. Interfund Balances

Due to/from Other Funds

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	HIDTA	\$ 379,182
General	Nonmajor governmental	831,875
Nonmajor governmental	Nonmajor governmental	<u>389,912</u>
		<u>\$ 1,600,969</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

General obligation bonds are direct obligations and pledge the full faith and credit of the County. The bonds are classified as a private placement, and the tax notes are classified as direct borrowings; neither instrument contains substantive acceleration clauses. Should the County default on these bonds, any registered owner of the bonds or notes is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the County to make payment.

The bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Courthouse restoration	3.7%	\$ 5,715,000

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>	
2022	350,000	204,980	554,980
2023	360,000	191,845	551,845
2024	375,000	178,248	553,248
2025	390,000	164,095	554,095
2026	405,000	149,388	554,388
2027-2031	2,260,000	501,530	2,761,530
2032-2036	<u>1,575,000</u>	<u>88,893</u>	<u>1,663,893</u>
Total	<u>\$ 5,715,000</u>	<u>\$ 1,478,979</u>	<u>\$ 7,193,979</u>

Tax Notes

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 152,000	\$ 21,800	173,800
2023	157,000	17,211	174,211
2024	162,000	12,474	174,474
2025	167,000	7,588	174,588
2026	<u>172,000</u>	<u>2,554</u>	<u>174,554</u>
Total	<u>\$ 810,000</u>	<u>\$ 61,627</u>	<u>\$ 871,627</u>

Capital Leases

The County also, from time to time, finances certain equipment using lease arrangements. These leases are classified as direct borrowings and are secured by the purchased equipment. The leases are classified as capital leases due to the presence of a bargain-purchase option. Capital lease obligations as of September 30, 2021, are composed of the following individual issues:

Equipment lease with the original principal amount of \$155,499; payable in three annual installments of \$55,985, including principal and interest at 4.479%, due September 30, 2021; secured by a John Deere Tractor with Boom Mower purchased during fiscal year 2019.	73,757
Equipment lease with the original principal amount of \$195,700; payable in annual installments of \$42,306 including principal and interest at 2.65%, due September 28, 2025; secured by a 2016 Gradall purchased during fiscal year 2020.	158,580
Equipment lease with the original principal amount of \$188,675; payable in annual installments of \$49,597, including principal and interest at 2.65%, due January 15, 2024; secured by a 2016 Gradall purchased during fiscal year 2020.	141,242
Equipment lease with the original principal amount of \$154,041; payable in annual installments of \$53,741, including principal and interest at 3.75%, due January 15, 2024; secured by a Tiger Mower and John Deere Tractor purchased during fiscal year 2021.	<u>102,226</u>
Total capital leases	<u>\$ 475,805</u>

The capital assets acquired through capital leases are as follows:

	Governmental Activities
Machinery and equipment	\$ 3,931,878
Less: accumulated depreciation	(2,451,703)
	<u>\$ 1,480,175</u>

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

Year Ending September 30,	Principal	Interest	Totals
2022	\$ 188,156	\$ 10,742	\$ 198,898
2023	157,967	6,511	164,478
2024	88,467	3,436	91,903
2025	<u>41,215</u>	<u>1,092</u>	<u>42,307</u>
	<u>\$ 475,805</u>	<u>\$ 21,781</u>	<u>\$ 497,586</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Balance 09/30/20	Additions	Reductions	Balance 09/30/21	Due Within One Year
G.O. Bonds	\$ 6,050,000	\$ -	\$ 335,000	\$ 5,715,000	\$ 350,000
Limited tax notes	957,000	-	147,000	810,000	152,000
Capital leases	765,607	154,041	443,843	475,805	188,156
Compensated absences	<u>241,891</u>	<u>482,803</u>	<u>495,268</u>	<u>229,426</u>	<u>49,921</u>
Governmental activities long-term liabilities	<u>\$ 8,014,498</u>	<u>\$ 636,844</u>	<u>\$ 1,421,111</u>	<u>\$ 7,230,231</u>	<u>\$ 740,077</u>

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

Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of September 30, 2021 as follows:

<u>Year Ending September 30,</u>	<u>Payments</u>
2022	\$ <u>240,394</u>
Total Minimum Rentals	\$ <u>240,394</u>
Rental Expenditures 2021	240,394

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 2021 or 2020.

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 annual comprehensive financial report (ACFR) that can be obtained at www.tcdrs.org.

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

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.

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	191
Inactive employees entitled to but not yet receiving benefits	165
Active employees	307
	<u>663</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 11.04% and 11.04% in fiscal years 2020 and 2021, respectively. The County's contributions to TCDRS for the year ended September 30, 2021, were \$1,633,118 and equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	7.60%, net of pension plan investment expense, including inflation

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

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

All actuarial assumptions that determined the total pension liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2021 information for a 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 long-term time horizon; the most recent analysis was performed in March 2021. The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	5.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

⁽¹⁾ Target asset allocation adopted at the March 2021 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.00% per Cliffwater's 2021 capital market assumptions.

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2019	\$ 74,080,938	\$ 70,978,788	\$ 3,102,150
Changes for the year:			
Service cost	1,892,163	-	1,892,163
Interest on total pension liability ⁽¹⁾	6,009,723	-	6,009,723
Effect of economic/demographic gains or losses	(503,966)	-	(503,966)
Effect of assumptions changes or inputs	4,752,316	-	4,752,316
Refund of contributions	(353,418)	(353,418)	-
Benefit payments	(3,275,206)	(3,275,206)	-
Administrative expenses	-	(56,602)	56,602
Member contributions	-	1,066,692	(1,066,692)
Net investment income	-	7,330,788	(7,330,788)
Employer contributions	-	1,682,330	(1,682,330)
Other ⁽²⁾	-	(18,994)	18,994
Balance at 12/31/2020	<u>\$ 82,602,550</u>	<u>\$ 77,354,378</u>	<u>\$ 5,248,172</u>

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

⁽²⁾ 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 7.6%, 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 (6.6%) or 1-percentage-higher (8.6%) than the current rate:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total pension liability	\$ 93,531,563	\$ 82,602,550	\$ 73,436,349
Fiduciary net position	<u>77,354,376</u>	<u>77,354,378</u>	<u>77,354,376</u>
Net pension liability/(asset)	<u>\$ 16,177,187</u>	<u>\$ 5,248,172</u>	<u>\$ (3,918,027)</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.

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

For the year ended September 30, 2021, the County recognized pension expense of \$1,229,583. At year-end, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 38,067	\$ 453,927
Changes in actuarial assumptions	3,894,303	-
Difference between projected and actual investment earnings	-	2,599,523
Contributions subsequent to the measurement date	<u>1,188,550</u>	<u>-</u>
Total	<u>\$ 5,120,920</u>	<u>\$ 3,053,450</u>

\$1,188,550 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

For the Year Ended September 30,		
2022	\$	59,103
2023		786,753
2024	(492,718)
2025		525,782

D. Other Post-Employment Benefits (OPEB) – Retiree Health Plan

Plan Description

In addition to the pension benefits described above, the Commissioners Court established a medical insurance benefit plan for retirees. This plan is administered by the County and it has the authority to establish and amend the benefit terms and financing arrangements. The Retiree Medical Plan does not issue a publicly available financial report. 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

Retirees are responsible for paying the premiums. Eligible retirees will be provided medical insurance benefits and eligible retirees may also cover their eligible dependents if elected within 60 days. 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.

The County's contributions to the OPEB for the year ended September 30, 2021, were \$45,338, which equal benefit payments for retirees.

The number of employees currently covered by the benefit terms is as follows:

Retirees and beneficiaries currently receiving benefits	63
Active Members	<u>282</u>
Total	<u>345</u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	December 31, 2020
Actuarial Cost Method	Individual Entry Age
Discount Rate	2.00% as of December 31, 2020
Inflation Rate	2.50%
Salary Increases	0.50% to 5.00%, not including wage inflation of 3.25%
Demographic Assumptions	Based on the experience study covering the four year period ending December 31, 2016 as conducted for the Texas County and District Retirement System (TCDRS). For the OPEB valuation, the standard TCERS retirement rates were adjusted to better reflect the County's retiree medical plan design.
Mortality	For healthy retirees, the gender-distinct RP-2014 Healthy Annuitant Mortality Tables are used with male rates multiplied by 130% and female rates multiplied by 110%. The rates are projected on a fully generational basis based on 110% of the ultimate rates of Scale MP-2014.
Health care cost trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years.
Participation rates	25% of eligible retirees elect medical coverage; 60% of eligible retirees elect life insurance coverage

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 2.00% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020.

Changes in the Total OPEB Liability

The County's total OPEB liability was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

	Total OPEB Liability
Balance at 12/31/2019	\$ 1,721,913
Changes for the year:	
Service cost	91,641
Interest	48,013
Difference between expected and actual experience	(39,285)
Changes of assumptions	65,188
Benefit payments	(43,625)
Net changes	121,932
Balance at 12/31/2020	\$ 1,843,845

Changes in assumptions and other inputs reflect a change in the discount rate from 2.75% to 2.00%, updated assumptions on health care trend rates and participation in retiree life insurance. Additionally, the period of service used for the allocation of service costs was changed to only reflect service with Navarro County.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.00%) in measuring the total OPEB liability.

	<u>1% Decrease in Discount Rate (1.00%)</u>	<u>Discount Rate (2.00%)</u>	<u>1% Increase in Discount Rate (3.00%)</u>
County's Total OPEB liability \$	2,168,697	\$ 1,843,845	\$ 1,583,904

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
County's Total OPEB liability \$	\$ 1,787,267	\$ 1,843,845	\$ 1,912,456

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the County recognized OPEB expense of \$141,429. At September 30, 2021, the County reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 16,181	\$ 88,007
Changes in actuarial assumptions	260,386	151,760
Contributions subsequent to the measurement date	28,628	-
Totals	<u>\$ 305,195</u>	<u>\$ 239,767</u>

\$26,628 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the County paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2022. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>	<u>OPEB Expense Amount</u>
2022	\$ 1,777
2023	1,777
2024	1,777
2025	1,777
2026	1,777
Thereafter	27,915

E. Other Post-Employment Benefit Plan – TCDRS Group Term Life Fund

Plan Description. The County voluntarily participates in the Group Term Life program for the Texas County & District Retirement System (TCDRS GTL). The GTL program is a statewide, multiple-employer defined other post-employment benefit (OPEB) plan and is established and administered in accordance with the TCDRS Act. The plan is treated as an unfunded trust, because the GTL trust covers both actives and retirees and is not segregated. Therefore, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The GTL provides group-term life insurance to all full- and part-time non-temporary employees, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Benefits are established by the TCDRS Act. The County's Commissioners' Court opted into this program, and may terminate coverage under, and discontinue participation in the GTL program as of January 1, each year.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's most recent regular annualized salary. The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$5,000.

Employees covered by benefit terms. The number of employees currently covered by the benefit terms is as follows:

Inactive employees receiving benefits	148
Inactive employees entitled to but not yet receiving benefits	60
Active employees	<u>307</u>
	<u>515</u>

Contributions. The County contributes to the GTLF at a contractually required rate as determined by an annual actuarial valuation, which was 0.44% and 0.43% for calendar year 2021 and 2020, respectively, of which 0.13% and 0.12%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the GTLF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The County's contributions to the GTLF for the year ended September 30, 2021, was \$18,828, representing contributions for both active and retiree coverage, which equaled the required contributions.

Total OPEB Liability. The County's Total OPEB Liability (TOL) was measured as of December 31, 2020 as determined by an actuarial valuation as of that date.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Investment rate of return (discount rate)	2.12%
Actuarial cost method	Entry age normal

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

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014

All actuarial assumptions and methods that determined the Total OPEB Liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 75.

Discount Rate. A single discount rate of 2.12% was used to measure the total OPEB liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was the 20-year Bond GO Index published by bondbuyer.com as of the measurement date of December 31, 2020.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the Total OPEB Liability.

	1% Decrease Discount Rate (1.12%)	Current Discount Rate (2.12%)	1% Increase in Discount Rate (3.12%)
Total OPEB Liability	\$ 1,164,577	\$ 956,269	\$ 796,861

OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEBs. As of September 30, 2021, the County reported a liability of \$956,269 for its Total OPEB Liability. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020. For the year ended September 30, 2021, the County recognized OPEB expense of \$68,634. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2019	\$ -
Changes for the year:	
Service cost	30,459
Interest on total OPEB liability ⁽¹⁾	23,381
Effect of plan changes ⁽³⁾	831,948
Effect of economic/demographic gains or losses	(14,896)
Effect of assumption changes or inputs ⁽²⁾	103,663
Benefit payments	(18,286)
Balance at December 31, 2020	\$ 956,269

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not change fees or interest.

⁽²⁾ Reflects change in discount rate.

⁽³⁾ Adoption of GTLP.

As of September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 12,413
Change of assumptions	86,385	-
Contributions subsequent to the measurement date	13,996	-
Totals	\$ 100,381	\$ 12,413

\$13,996 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2022. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	For the Year Ended September 30,
2022	\$ 14,795
2023	14,795
2024	14,795
2025	14,795
2026	14,792

F. OTHER POST EMPLOYMENT BENEFITS – AGGREGATED

The County participates in two defined-benefit other post-employment benefit (OPEB) plans. Aggregate amounts related to the plans are shown in the table below:

	OPEB Expense	Deferred Outflows of Resources	Deferred Inflows Resources	Total OPEB Liability	Due Within One Year
Governmental activities:					
Retiree Health Insurance	\$ 141,429	\$ 305,195	\$ 239,767	\$ 1,843,845	\$ 45,338
TCDRS Group Term Life	68,634	100,381	12,413	956,269	18,828
Total governmental activities	\$ 210,063	\$ 405,576	\$ 252,180	\$ 2,800,114	\$ 64,166

Additionally, neither plan is considered a trusted plan; therefore, management has estimated a current portion of the total OPEB liability for the amount of contributions expected to be paid with current resources within the next year.

G. TAX ABATEMENTS

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

The County has entered into various agreements that reduce property taxes. Agreements for a refund of property taxes call for a dollar for dollar tax refund for approved expenditures to encourage the maintenance and revitalization of the historic downtown area. For fiscal year 2020, the County rebated property taxes of \$10,544.

H. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) issued the following statements which become effective for fiscal years 2022 and 2023.

Statement No. 87, *Leases* – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the County in fiscal year 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* – This statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this statement will be effective for the County for the fiscal year ending September 30, 2023.

I. DEFICIT FUND EQUITY

The County has deficit fund balances in the Justice Court Technology Fund and the County Clerk Archive Fund of \$39,862, and \$2,169, respectively. These deficits will be eliminated with greater revenues over expenditures in the next fiscal year.

J. SPECIAL ITEM

On January 1, 2020, the County began participating in the TCDRS Group Term Life Fund OPEB plan. The County established its measurements date of the plan as December 31. Therefore, the County reported \$796,071 as a special item in the in the governmental activities statement of activities as a result of entering into this OPEB plan.

K. PRIOR PERIOD ADJUSTMENT

Additionally, in the current year, the County implemented GASB 84, *Fiduciary Activities*. The beginning fiduciary net position of the custodial funds was established to be \$4,906,021, which is presented as a prior period adjustment in the statement of fiduciary net position.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 18,495,990	\$ 18,495,990	\$ 20,963,791	\$ 2,467,801
Sales and other taxes	2,255,000	2,255,000	3,427,317	1,172,317
Intergovernmental	342,500	342,500	1,152,894	810,394
Fees of office	1,276,100	1,276,100	1,875,542	599,442
Fines and forfeitures	400,000	400,000	296,366	(103,634)
Interest on investments	80,000	80,000	88,614	8,614
Other	77,250	77,250	259,739	182,489
Total revenues	<u>22,926,840</u>	<u>22,926,840</u>	<u>28,064,263</u>	<u>5,137,423</u>
EXPENDITURES				
General government:				
Salaries	2,723,371	2,729,916	2,602,559	127,357
Benefits	1,135,713	1,137,082	1,093,612	43,470
Supplies	270,649	268,676	208,270	60,406
Other services	2,990,089	2,972,734	3,118,823	(146,089)
Capital outlay	-	191,000	289,597	(98,597)
Debt service:				
Principal	329,831	329,831	336,685	(6,854)
Interest and other charges	40,206	40,206	33,065	7,141
Intergovernmental	<u>360,795</u>	<u>360,795</u>	<u>391,147</u>	<u>(30,352)</u>
Total general government	<u>7,850,654</u>	<u>8,030,240</u>	<u>8,073,758</u>	<u>(43,518)</u>
Judicial:				
Salaries	2,152,741	2,152,258	2,046,727	105,531
Benefits	667,436	667,156	640,072	27,084
Supplies	44,719	50,129	52,171	(2,042)
Other services	<u>931,153</u>	<u>917,919</u>	<u>660,628</u>	<u>257,291</u>
Total judicial	<u>3,796,049</u>	<u>3,787,462</u>	<u>3,399,598</u>	<u>387,864</u>
Public safety:				
Salaries	6,573,199	6,572,166	6,019,367	552,799
Benefits	2,835,641	2,836,674	2,608,300	228,374
Supplies	918,403	903,737	798,698	105,039
Other services	1,402,159	1,416,820	1,197,229	219,591
Capital outlay	<u>240,000</u>	<u>240,000</u>	<u>320,938</u>	<u>(80,938)</u>
Total public safety	<u>11,969,402</u>	<u>11,969,397</u>	<u>10,944,532</u>	<u>1,024,865</u>
Health and welfare:				
Salaries	-	52,825	52,825	-
Benefits	-	5,738	5,738	-
Other services	<u>767,745</u>	<u>709,182</u>	<u>576,025</u>	<u>133,157</u>
Total health and welfare	<u>767,745</u>	<u>767,745</u>	<u>634,588</u>	<u>133,157</u>
Total expenditures	<u>24,383,850</u>	<u>24,554,844</u>	<u>23,052,476</u>	<u>1,502,368</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(1,457,010)	(1,628,004)	5,011,787	6,639,791
OTHER FINANCING SOURCES (USES)				
Issuance of debt	176,385	76,385	-	(76,385)
Sale of capital assets	<u>10,000</u>	<u>10,000</u>	<u>20,040</u>	<u>10,040</u>
Total other financing sources and uses	<u>186,385</u>	<u>86,385</u>	<u>20,040</u>	<u>(66,345)</u>
NET CHANGE IN FUND BALANCES	(1,270,625)	(1,541,619)	5,031,827	6,573,446
FUND BALANCES, BEGINNING	<u>10,783,593</u>	<u>10,783,593</u>	<u>10,783,593</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 9,512,968</u>	<u>\$ 9,241,974</u>	<u>\$ 15,815,420</u>	<u>\$ 6,573,446</u>

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NAVARRO COUNTY, TEXAS

NOTES TO BUDGETARY SCHEDULE

SEPTEMBER 30, 2021

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the HIDTA Grant Fund and Capital Projects Fund, 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, HAVA Funding Fund, or American Rescue Plan Act Fund. 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.

B. Excess Expenditures over Budgeted Appropriations

During the fiscal year, expenditures exceeded appropriations in the General Government function of the General Fund by \$43,518. Expenditures also exceeded appropriations in the Roads and Highways function of the Road and Bridge Fund – Precinct 1 and Road and Bridge Fund by \$27,100, and in the Judicial function of the District Attorney Forfeiture Fund by \$63,799. These overages primarily resulted from unbudgeted outlays were funded by greater than anticipated revenues, or fund balance.

NAVARRO COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Measurement Date December 31,	2014	2015
Total Pension Liability		
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	(2,452,066)	(2,660,511)
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>\$ 54,991,532</u>	<u>\$ 58,094,643</u>
Plan Fiduciary Net Position		
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>\$ 52,874,181</u>	<u>\$ 52,484,411</u>
Net pension liability - ending (a) - (b)	<u>\$ 2,117,351</u>	<u>\$ 5,610,232</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.

2016	2017	2018	2019	2020
\$ 1,816,511 4,671,943 - -	\$ 1,789,149 5,010,983 - 277,353	\$ 1,782,327 5,346,224 - -	\$ 1,829,739 5,669,700 - -	\$ 1,892,163 6,009,723 - 4,752,316
(429,487)	(27,148)	(104,263)	63,445	(503,966)
(2,665,751)	(2,882,136)	(2,928,262)	(3,234,032)	(3,628,624)
3,393,216	4,168,201	4,096,026	4,328,852	8,521,612
<u>58,094,643</u>	<u>61,487,859</u>	<u>65,656,060</u>	<u>69,752,086</u>	<u>74,080,938</u>
<u>\$ 61,487,859</u>	<u>\$ 65,656,060</u>	<u>\$ 69,752,086</u>	<u>\$ 74,080,938</u>	<u>\$ 82,602,550</u>
\$ 1,401,783 939,896 3,883,461	\$ 1,382,250 965,647 8,133,121	\$ 1,457,560 982,941 (1,185,231)	\$ 1,537,635 1,029,013 10,116,146	\$ 1,682,330 1,066,692 7,330,788
(2,665,751)	(2,882,136)	(2,928,262)	(3,234,032)	(3,628,624)
(42,200)	(42,115)	(49,475)	(54,088)	(56,602)
(223,097)	(7,557)	(8,170)	(12,962)	(18,994)
3,294,092	7,549,210	(1,730,637)	9,381,712	6,375,590
<u>52,484,411</u>	<u>55,778,503</u>	<u>63,327,713</u>	<u>61,597,076</u>	<u>70,978,788</u>
<u>\$ 55,778,503</u>	<u>\$ 63,327,713</u>	<u>\$ 61,597,076</u>	<u>\$ 70,978,788</u>	<u>\$ 77,354,378</u>
<u>\$ 5,709,356</u>	<u>\$ 2,328,347</u>	<u>\$ 8,155,010</u>	<u>\$ 3,102,150</u>	<u>\$ 5,248,172</u>
90.71%	96.45%	88.31%	95.81%	93.65%
\$ 13,072,157	\$ 13,794,953	\$ 14,042,013	\$ 14,700,179	\$ 15,238,456
43.68%	16.88%	58.08%	21.10%	34.44%

NAVARRO COUNTY, TEXAS**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	1,296,273	1,296,273	-	12,284,646	10.6%
2015	1,380,859	1,380,859	-	12,922,941	10.7%
2016	1,400,891	1,400,891	-	13,335,021	10.5%
2017	1,394,133	1,394,133	-	13,757,387	10.1%
2018	1,439,284	1,439,284	-	13,996,569	10.3%
2019	1,520,260	1,520,260	-	14,563,190	10.4%
2020	1,650,840	1,650,840	-	15,160,732	10.9%
2021	1,633,118	1,633,118	-	14,792,708	11.0%

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 PENSION CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Valuation Date 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:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation.
Retirement Age	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.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule.

NAVARRO COUNTY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

RETIREE HEALTHCARE BENEFIT PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Measurement Date December 31,	2017	2018	2019	2020
A. Total OPEB liability				
Service cost	\$ 46,133	\$ 53,683	\$ 71,944	\$ 91,641
Interest (on the Total OPEB Liability)	27,487	26,576	52,783	48,013
Changes in benefit terms	-	883,835	-	-
Difference between expected and actual experience on the Total OPEB Liability	14,257	(76,911)	9,639	(39,285)
Changes of assumptions	43,633	(220,469)	222,224	65,188
Benefit payments, including refunds of employee contributions	(38,436)	(69,210)	(42,859)	(43,625)
Net change in Total OPEB liability	93,074	597,504	313,731	121,932
Total OPEB liability - beginning	<u>717,604</u>	<u>810,678</u>	<u>1,408,182</u>	<u>1,721,913</u>
Total OPEB liability - ending (a)	<u>810,678</u>	<u>1,408,182</u>	<u>1,721,913</u>	<u>1,843,845</u>
B. Covered-employee payroll	\$ 13,988,373	\$ 14,235,631	\$ 14,996,681	\$ 15,238,456
C. Total OPEB liability as a percentage of covered-employee payroll	5.80%	9.89%	11.48%	12.10%

Notes to Schedule:

2021 - The period of service used for the allocation of service costs was changed to only reflect service with Navarro County.

2019 - The participation rate for the retiree life insurance benefit and the health care trend assumptions were modified. The plan's life insurance benefit was changed to increase the life insurance amount from \$5,000 to \$20,000 and the monthly premiums from \$0.70 to \$2.78.

Changes of assumptions reflect the effects of changes in the discount rate each period.

This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

NAVARRO COUNTY, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

GROUP TERM LIFE PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Measurement Date December 31,

2020

A. Total OPEB liability

Service cost	\$ 30,459
Interest (on the Total OPEB Liability)	23,381
Effect of plan changes	831,948
Effect of economic/demographic (gains) or losses	(14,896)
Changes of assumptions	103,663
Benefit payments, including refunds of employee contributions	(18,286)
Net change in Total OPEB liability	956,269
Total OPEB liability - beginning	-
Total OPEB liability - ending (a)	<u>956,269</u>

B. Covered-employee payroll

\$ 15,238,456

C. Total OPEB liability as a percentage of covered-employee payroll

6.28%

Notes to Schedule:

- This schedule is required to have 10 years of information, but the information prior to 2020 is not available.
- Changes of assumptions reflect the effects of changes in the discount rate each period.
- The effect of plan changes was to establish the group term life plan.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

County 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.

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

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.

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.

Help America Vote Act Fund (HAVA) – This fund is to account for voter education, election worker education, updating or acquiring voting systems in accordance with the Federal Help America Vote Act of 2002.

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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.

CAPITAL PROJECTS FUND

The ***Capital Projects Fund*** is used to account for expenditures for construction and renovation of County buildings and facilities.

NAVARRO COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	Flood Control	Road and Bridge Precinct 1	Road and Bridge Precinct 2	Road and Bridge Precinct 3
ASSETS				
Cash	\$ 1,820,593	\$ 277,911	\$ 258,218	\$ 957,029
Investments	2,272	32,825	81,355	69,593
Accounts receivable	-	38,932	19,440	18,609
Property taxes receivable, net	16,436	49,344	49,346	49,346
Due from other governments	-	20,741	-	22,052
Due from other funds	-	4,310	4,301	13,621
Total assets	<u>1,839,301</u>	<u>424,063</u>	<u>412,660</u>	<u>1,130,250</u>
LIABILITIES				
Accounts payable	-	26,406	19,020	28,285
Due to other funds	-	317,078	3,638	130,565
Total liabilities	<u>-</u>	<u>343,484</u>	<u>22,658</u>	<u>158,850</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>14,336</u>	<u>42,972</u>	<u>42,972</u>	<u>42,972</u>
Total deferred inflows of resources	<u>14,336</u>	<u>42,972</u>	<u>42,972</u>	<u>42,972</u>
FUND BALANCES				
Restricted for:				
Flood protection projects	1,824,965	-	-	-
Repairs and construction of roads and bridges	-	37,607	347,030	928,428
Law enforcement	-	-	-	-
Records management and preservation	-	-	-	-
Election administration	-	-	-	-
Court security and technology	-	-	-	-
Debt service	-	-	-	-
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>1,824,965</u>	<u>37,607</u>	<u>347,030</u>	<u>928,428</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,839,301</u>	<u>\$ 424,063</u>	<u>\$ 412,660</u>	<u>\$ 1,130,250</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
\$ 754,011	\$ 99,592	\$ 787,458	\$ 109,280	\$ 404,737	\$ -	\$ 53,826
80,560	118,239	54	-	-	-	-
18,206	-	-	-	-	-	-
49,346	-	-	-	-	-	-
-	-	-	-	-	-	-
254	-	-	7,886	56,032	-	122,704
<u>902,377</u>	<u>217,831</u>	<u>787,512</u>	<u>117,166</u>	<u>460,769</u>	<u>-</u>	<u>176,530</u>
78,459	-	31,723	-	68	635	19
50,066	57,542	-	-	350,560	39,227	8,264
<u>128,525</u>	<u>57,542</u>	<u>31,723</u>	<u>-</u>	<u>350,628</u>	<u>39,862</u>	<u>8,283</u>
42,972	-	-	-	-	-	-
<u>42,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
730,880	-	-	-	-	-	-
-	160,289	755,789	117,166	-	-	-
-	-	-	-	-	-	168,247
-	-	-	-	-	-	-
-	-	-	-	110,141	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(39,862)	-
<u>730,880</u>	<u>160,289</u>	<u>755,789</u>	<u>117,166</u>	<u>110,141</u>	<u>(39,862)</u>	<u>168,247</u>
\$ <u>902,377</u>	\$ <u>217,831</u>	\$ <u>787,512</u>	\$ <u>117,166</u>	\$ <u>460,769</u>	\$ <u>-</u>	\$ <u>176,530</u>

NAVARRO COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	District Clerk Records Management	County Clerk Archive	Justice Court Building Security	County Records Preservation
ASSETS				
Cash	\$ 22,597	\$ 123,144	\$ 36,539	\$ 842
Investments	-	-	-	-
Accounts receivable	-	-	-	3,655
Property taxes receivable, net	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	<u>41,705</u>	<u>8,264</u>	<u>-</u>	<u>12,998</u>
Total assets	<u>64,302</u>	<u>131,408</u>	<u>36,539</u>	<u>17,495</u>
LIABILITIES				
Accounts payable	7,777	4,325	-	-
Due to other funds	<u>-</u>	<u>129,252</u>	<u>26,411</u>	<u>-</u>
Total liabilities	<u>7,777</u>	<u>133,577</u>	<u>26,411</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Flood protection projects	-	-	-	-
Repairs and construction of roads and bridges	-	-	-	-
Law enforcement	-	-	-	-
Records management and preservation	56,525	-	-	17,495
Election administration	-	-	-	-
Court security and technology	-	-	10,128	-
Debt service	-	-	-	-
Capital Projects	-	-	-	-
Unassigned	<u>-</u>	<u>(2,169)</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>56,525</u>	<u>(2,169)</u>	<u>10,128</u>	<u>17,495</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 64,302</u>	<u>\$ 131,408</u>	<u>\$ 36,539</u>	<u>\$ 17,495</u>

Vital Statistics	County and District Clerk Technology	County Record Management and Preservation	District Court Records Technology	HAVA Funding	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
\$ 5,808	\$ 1,615	\$ 36,661	\$ 13,056	\$ 173,531	\$ 93,578	\$ 105,503	\$ 6,135,529
-	-	-	-	-	2,290	10,881	398,069
10,315	13,405	-	-	-	-	-	122,562
-	-	-	-	-	35,830	-	249,648
-	-	-	-	-	-	-	42,793
<u>18,800</u>	<u>33,526</u>	<u>7,863</u>	<u>57,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>389,912</u>
<u>34,923</u>	<u>48,546</u>	<u>44,524</u>	<u>70,704</u>	<u>173,531</u>	<u>131,698</u>	<u>116,384</u>	<u>7,338,513</u>
161	-	10	-	-	-	2,690	199,578
-	-	-	-	-	-	109,184	1,221,787
<u>161</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,874</u>	<u>1,421,365</u>
-	-	-	-	-	34,798	-	221,022
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,798</u>	<u>-</u>	<u>221,022</u>
-	-	-	-	-	-	-	1,824,965
-	-	-	-	-	-	-	2,043,945
-	-	-	-	-	-	-	1,033,244
34,762	48,546	44,514	70,704	-	-	-	440,793
-	-	-	-	173,531	-	-	173,531
-	-	-	-	-	-	-	120,269
-	-	-	-	-	96,900	-	96,900
-	-	-	-	-	-	4,510	4,510
-	-	-	-	-	-	-	(42,031)
<u>34,762</u>	<u>48,546</u>	<u>44,514</u>	<u>70,704</u>	<u>173,531</u>	<u>96,900</u>	<u>4,510</u>	<u>5,696,126</u>
\$ <u>34,923</u>	\$ <u>48,546</u>	\$ <u>44,524</u>	\$ <u>70,704</u>	\$ <u>173,531</u>	\$ <u>131,698</u>	\$ <u>116,384</u>	\$ <u>7,338,513</u>

NAVARRO COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<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>
REVENUES				
Property taxes	\$ 371,909	\$ 1,111,965	\$ 1,111,965	\$ 1,111,965
Intergovernmental	177	-	-	-
Licenses and permits	-	214,732	214,732	214,732
Fees of office	-	23,899	23,991	23,893
Fines and forfeitures	-	51,771	51,771	51,771
Interest on investments	8,551	2,525	1,844	5,833
Other	-	-	1,770	-
Total revenues	<u>380,637</u>	<u>1,404,892</u>	<u>1,406,073</u>	<u>1,408,194</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Roads and highways	70,525	1,378,025	1,304,433	1,411,466
Debt service:				
Principal	-	52,762	61,431	90,275
Interest and other	-	979	2,288	7,533
Capital outlay	-	154,041	16,000	36,649
Total expenditures	<u>70,525</u>	<u>1,585,807</u>	<u>1,384,152</u>	<u>1,545,923</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	310,112	(180,915)	21,921	(137,729)
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	-	154,041	-	-
Total other financing sources (uses)	<u>-</u>	<u>154,041</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>310,112</u>	<u>(26,874)</u>	<u>21,921</u>	<u>(137,729)</u>
FUND BALANCES, BEGINNING	<u>1,514,853</u>	<u>64,481</u>	<u>325,109</u>	<u>1,066,157</u>
FUND BALANCES, ENDING	\$ <u>1,824,965</u>	\$ <u>37,607</u>	\$ <u>347,030</u>	\$ <u>928,428</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
\$ 1,111,965	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	45,873	-	-	-	-
214,732	-	-	-	-	-	-
23,991	-	-	491	26,672	8,512	139,493
51,771	20,982	606	-	-	-	-
5,703	623	3,797	-	3,676	-	-
463	-	-	-	-	-	-
<u>1,408,625</u>	<u>21,605</u>	<u>50,276</u>	<u>491</u>	<u>30,348</u>	<u>8,512</u>	<u>139,493</u>
-	-	-	-	-	-	89,738
-	86,690	27,695	-	-	29,660	-
1,551,490	-	-	-	-	-	-
50,577	-	-	-	-	-	-
2,677	-	-	-	-	-	-
46,887	-	-	-	-	-	-
<u>1,651,631</u>	<u>86,690</u>	<u>27,695</u>	<u>-</u>	<u>-</u>	<u>29,660</u>	<u>89,738</u>
(243,006)	(65,085)	22,581	491	30,348	(21,148)	49,755
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(243,006)</u>	<u>(65,085)</u>	<u>22,581</u>	<u>491</u>	<u>30,348</u>	<u>(21,148)</u>	<u>49,755</u>
<u>973,886</u>	<u>225,374</u>	<u>733,208</u>	<u>116,675</u>	<u>79,793</u>	<u>(18,714)</u>	<u>118,492</u>
<u>\$ 730,880</u>	<u>\$ 160,289</u>	<u>\$ 755,789</u>	<u>\$ 117,166</u>	<u>\$ 110,141</u>	<u>\$ (39,862)</u>	<u>\$ 168,247</u>

NAVARRO COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>District Clerk Records Management</u>	<u>County Clerk Archive</u>	<u>Justice Court Building Security</u>	<u>County Records Preservation</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fees of office	7,542	138,473	2,425	20,842
Fines and forfeitures	-	-	-	-
Interest on investments	-	-	-	-
Other	-	-	-	-
Total revenues	<u>7,542</u>	<u>138,473</u>	<u>2,425</u>	<u>20,842</u>
EXPENDITURES				
Current:				
General government	550	100,420	-	7,953
Judicial	-	-	-	-
Roads and highways	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>550</u>	<u>100,420</u>	<u>-</u>	<u>7,953</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,992	38,053	2,425	12,889
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>6,992</u>	<u>38,053</u>	<u>2,425</u>	<u>12,889</u>
FUND BALANCES, BEGINNING	<u>49,533</u>	<u>(40,222)</u>	<u>7,703</u>	<u>4,606</u>
FUND BALANCES, ENDING	\$ <u>56,525</u>	\$ <u>(2,169)</u>	\$ <u>10,128</u>	\$ <u>17,495</u>

<u>Vital Statistics</u>	<u>County and District Clerk Technology</u>	<u>County Record Management and Preservation</u>	<u>District Court Records Technology</u>	<u>HAVA Funding</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,894	\$ -	\$ 5,004,663
-	-	-	-	-	-	-	46,050
-	-	-	-	-	-	-	858,928
3,682	2,209	8,124	15,546	42,044	-	-	511,829
-	-	-	-	-	-	-	228,672
-	-	-	-	1,038	1,620	540	35,750
-	-	-	-	-	-	-	2,233
<u>3,682</u>	<u>2,209</u>	<u>8,124</u>	<u>15,546</u>	<u>43,082</u>	<u>186,514</u>	<u>540</u>	<u>6,688,125</u>
2,215	-	-	-	71,779	-	-	272,655
-	-	-	-	-	-	-	144,045
-	-	-	-	-	-	-	5,715,939
-	-	-	-	-	335,000	-	590,045
-	-	-	-	-	218,403	-	231,880
-	-	-	-	-	-	-	253,577
<u>2,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,779</u>	<u>553,403</u>	<u>-</u>	<u>7,208,141</u>
1,467	2,209	8,124	15,546	(28,697)	(366,889)	540	(520,016)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,041</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,041</u>
<u>1,467</u>	<u>2,209</u>	<u>8,124</u>	<u>15,546</u>	<u>(28,697)</u>	<u>(366,889)</u>	<u>540</u>	<u>(365,975)</u>
<u>33,295</u>	<u>46,337</u>	<u>36,390</u>	<u>55,158</u>	<u>202,228</u>	<u>463,789</u>	<u>3,970</u>	<u>6,062,101</u>
\$ <u>34,762</u>	\$ <u>48,546</u>	\$ <u>44,514</u>	\$ <u>70,704</u>	\$ <u>173,531</u>	\$ <u>96,900</u>	\$ <u>4,510</u>	\$ <u>5,696,126</u>

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**BUDGETARY
COMPARISON SCHEDULES**

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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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 300,100	\$ 300,100	\$ 371,909	\$ 71,809
Intergovernmental	-	-	177	177
Interest on investments	6,500	6,500	8,551	2,051
Total revenues	<u>306,600</u>	<u>306,600</u>	<u>380,637</u>	<u>74,037</u>
EXPENDITURES				
Roads and highways:				
Other services	<u>300,000</u>	<u>300,000</u>	<u>70,525</u>	<u>229,475</u>
Total expenditures	<u>300,000</u>	<u>300,000</u>	<u>70,525</u>	<u>229,475</u>
NET CHANGE IN FUND BALANCES	6,600	6,600	310,112	303,512
FUND BALANCES, BEGINNING	<u>1,514,853</u>	<u>1,514,853</u>	<u>1,514,853</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,521,453</u>	<u>\$ 1,521,453</u>	<u>\$ 1,824,965</u>	<u>\$ 303,512</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,006,000	\$ 1,006,000	\$ 1,111,965	\$ 105,965
License and permits	213,000	213,000	214,732	1,732
Fees of office	34,500	34,500	23,899	(10,601)
Fines and forfeitures	86,500	86,500	51,771	(34,729)
Interest on investments	3,000	3,000	2,525	(475)
Total revenues	<u>1,343,000</u>	<u>1,343,000</u>	<u>1,404,892</u>	<u>61,892</u>
EXPENDITURES				
Roads and highways:				
Salaries	367,184	367,184	345,441	21,743
Benefits	161,923	161,923	151,746	10,177
Supplies	443,900	444,200	385,957	58,243
Other services	425,700	465,400	494,881	(29,481)
Debt service:				
Principal	-	52,762	52,762	-
Interest	-	979	979	-
Capital outlay	<u>160,000</u>	<u>66,259</u>	<u>154,041</u>	<u>(87,782)</u>
Total expenditures	<u>1,558,707</u>	<u>1,558,707</u>	<u>1,585,807</u>	<u>(27,100)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(215,707)	(215,707)	(180,915)	34,792
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	<u>-</u>	<u>-</u>	<u>154,041</u>	<u>154,041</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>154,041</u>	<u>154,041</u>
NET CHANGE IN FUND BALANCES	(215,707)	(215,707)	(26,874)	188,833
FUND BALANCES, BEGINNING	<u>64,481</u>	<u>64,481</u>	<u>64,481</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$(151,226)</u>	<u>\$(151,226)</u>	<u>\$ 37,607</u>	<u>\$ 188,833</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,006,000	\$ 1,006,000	\$ 1,111,965	\$ 105,965
License and permits	213,000	213,000	214,732	1,732
Fees of office	34,500	34,500	23,991	(10,509)
Fines and forfeitures	86,500	86,500	51,771	(34,729)
Interest on investments	3,000	3,000	1,844	(1,156)
Other	-	-	1,770	1,770
Total revenues	<u>1,343,000</u>	<u>1,343,000</u>	<u>1,406,073</u>	<u>63,073</u>
EXPENDITURES				
Roads and highways:				
Salaries	421,090	421,090	405,915	15,175
Benefits	185,442	185,442	179,501	5,941
Supplies	583,150	583,150	616,844	(33,694)
Other services	193,400	193,400	102,173	91,227
Debt service:				
Principal	134,476	134,476	61,431	73,045
Interest	2,289	2,289	2,288	1
Capital outlay	<u>25,000</u>	<u>25,000</u>	<u>16,000</u>	<u>9,000</u>
Total expenditures	<u>1,544,847</u>	<u>1,544,847</u>	<u>1,384,152</u>	<u>160,695</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(201,847)	(201,847)	21,921	223,768
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	(25,000)	(25,000)	-	25,000
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>
NET CHANGE IN FUND BALANCES	(226,847)	(226,847)	21,921	248,768
FUND BALANCES, BEGINNING	<u>325,109</u>	<u>325,109</u>	<u>325,109</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 98,262</u>	<u>\$ 98,262</u>	<u>\$ 347,030</u>	<u>\$ 248,768</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 1,006,000	\$ 1,006,000	\$ 1,111,965	\$ 105,965
Intergovernmental	-	723	-	(723)
License and permits	213,000	213,000	214,732	1,732
Fees of office	34,500	34,500	23,893	(10,607)
Fines and forfeitures	86,500	86,500	51,771	(34,729)
Interest on investments	<u>5,000</u>	<u>5,000</u>	<u>5,833</u>	<u>833</u>
Total revenues	<u>1,345,000</u>	<u>1,345,723</u>	<u>1,408,194</u>	<u>62,471</u>
EXPENDITURES				
Roads and highways:				
Salaries	404,340	404,340	357,385	46,955
Benefits	181,900	181,900	159,681	22,219
Supplies	417,700	565,700	650,720	(85,020)
Other services	215,200	312,200	243,680	68,520
Debt service:				
Principal	173,782	173,782	90,275	83,507
Interest	2,400	2,400	7,533	(5,133)
Capital outlay	<u>228,230</u>	<u>228,230</u>	<u>36,649</u>	<u>191,581</u>
Total expenditures	<u>1,623,552</u>	<u>1,868,552</u>	<u>1,545,923</u>	<u>322,629</u>
NET CHANGE IN FUND BALANCES	(278,552)	(522,829)	(137,729)	385,100
FUND BALANCES, BEGINNING	<u>1,066,157</u>	<u>1,066,157</u>	<u>1,066,157</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 787,605</u>	<u>\$ 543,328</u>	<u>\$ 928,428</u>	<u>\$ 385,100</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,006,000	\$ 1,006,000	\$ 1,111,965	\$ 105,965
License and permits	213,000	213,000	214,732	1,732
Fees of office	34,500	34,500	23,991	(10,509)
Fines and forfeitures	86,500	86,500	51,771	(34,729)
Interest on investments	8,000	8,000	5,703	(2,297)
Other	-	-	463	463
Total revenues	<u>1,348,000</u>	<u>1,348,000</u>	<u>1,408,625</u>	<u>60,625</u>
EXPENDITURES				
Roads and highways:				
Salaries	420,715	420,715	395,623	25,092
Benefits	185,363	185,363	166,815	18,548
Supplies	622,500	542,500	497,679	44,821
Other services	431,900	511,900	491,373	20,527
Debt service:				
Principal	50,193	50,193	50,577	(384)
Interest	3,062	3,062	2,677	385
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>46,887</u>	<u>53,113</u>
Total expenditures	<u>1,813,733</u>	<u>1,813,733</u>	<u>1,651,631</u>	<u>162,102</u>
NET CHANGE IN FUND BALANCES	(465,733)	(465,733)	(243,006)	222,727
FUND BALANCES, BEGINNING	<u>973,886</u>	<u>973,886</u>	<u>973,886</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 508,153</u>	<u>\$ 508,153</u>	<u>\$ 730,880</u>	<u>\$ 222,727</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Forfeitures	\$ -	\$ -	\$ 20,982	\$ 20,982
Interest on investments	<u>1,000</u>	<u>1,000</u>	<u>623</u>	<u>(377)</u>
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>21,605</u>	<u>20,605</u>
EXPENDITURES				
Judicial:				
Other services	<u>22,891</u>	<u>22,891</u>	<u>86,690</u>	<u>(63,799)</u>
Total expenditures	<u>22,891</u>	<u>22,891</u>	<u>86,690</u>	<u>(63,799)</u>
NET CHANGE IN FUND BALANCES	(21,891)	(21,891)	(65,085)	(43,194)
FUND BALANCES, BEGINNING	<u>225,374</u>	<u>225,374</u>	<u>225,374</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 203,483</u>	<u>\$ 203,483</u>	<u>\$ 160,289</u>	<u>\$ (43,194)</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 45,873	\$ 45,873
Forfeitures	-	-	606	606
Interest on investments	<u>1,500</u>	<u>1,500</u>	<u>3,797</u>	<u>2,297</u>
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>50,276</u>	<u>48,776</u>
EXPENDITURES				
Public safety:				
Supplies	66,000	114,000	-	114,000
Other services	<u>22,000</u>	<u>22,000</u>	<u>27,695</u>	<u>(5,695)</u>
Total expenditures	<u>88,000</u>	<u>136,000</u>	<u>27,695</u>	<u>108,305</u>
NET CHANGE IN FUND BALANCES	(86,500)	(134,500)	22,581	157,081
FUND BALANCES, BEGINNING	<u>733,208</u>	<u>733,208</u>	<u>733,208</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 646,708</u>	<u>\$ 598,708</u>	<u>\$ 755,789</u>	<u>\$ 157,081</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 143,000	\$ 143,000	\$ 184,894	\$ 41,894
Interest on investments	<u>1,000</u>	<u>1,000</u>	<u>1,620</u>	<u>620</u>
Total revenues	<u>144,000</u>	<u>144,000</u>	<u>186,514</u>	<u>42,514</u>
EXPENDITURES				
Debt service:				
Principal	335,000	335,000	335,000	-
Interest	<u>218,403</u>	<u>218,403</u>	<u>218,403</u>	<u>-</u>
Total expenditures	<u>553,403</u>	<u>553,403</u>	<u>553,403</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(409,403)	(409,403)	(366,889)	42,514
FUND BALANCES, BEGINNING	<u>463,789</u>	<u>463,789</u>	<u>463,789</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 54,386</u>	<u>\$ 54,386</u>	<u>\$ 96,900</u>	<u>\$ 42,514</u>

CUSTODIAL FUNDS

Custodial Funds are used to account for assets held by the County as an agent for individual, private organizations and other governments.

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 FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2021

	Custodial Funds			
	County Treasurer	District Clerk	Tax Assessor and Collector	Juvenile Probation and Corrections
ASSETS				
Cash and cash equivalents	\$ 1,468,434	\$ 1,552,946	\$ 1,866,964	\$ 32,822
Investments	<u>277,906</u>	<u>-</u>	<u>-</u>	<u>11,029</u>
Total assets	<u>1,746,340</u>	<u>1,552,946</u>	<u>1,866,964</u>	<u>43,851</u>
LIABILITIES				
Due to other governments	<u>-</u>	<u>-</u>	<u>1,866,964</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,866,964</u>	<u>-</u>
NET POSITION				
Restricted for:				
Individuals and organizations	<u>1,746,340</u>	<u>1,552,946</u>	<u>-</u>	<u>43,851</u>
Total net position	<u>\$ 1,746,340</u>	<u>\$ 1,552,946</u>	<u>\$ -</u>	<u>\$ 43,851</u>

Custodial Funds

Community Supervision and Corrections	Inmate Commissary	Special Lake	Special Forfeiture	Economic Development	Total Custodial Funds
\$ 395,372	\$ 474,245	\$ 243	\$ 222,979	\$ -	\$ 6,014,005
<u>97,935</u>	<u>-</u>	<u>100,272</u>	<u>-</u>	<u>2,263</u>	<u>489,405</u>
<u>493,307</u>	<u>474,245</u>	<u>100,515</u>	<u>222,979</u>	<u>2,263</u>	<u>6,503,410</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,866,964</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,866,964</u>
<u>493,307</u>	<u>474,245</u>	<u>100,515</u>	<u>222,979</u>	<u>2,263</u>	<u>4,636,446</u>
<u>\$ 493,307</u>	<u>\$ 474,245</u>	<u>\$ 100,515</u>	<u>\$ 222,979</u>	<u>\$ 2,263</u>	<u>\$ 4,636,446</u>

NAVARRO COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Custodial Funds			
	County Treasurer	District Clerk	Tax Assessor and Collector	Juvenile Probation and Corrections
ADDITIONS				
Registry deposits	\$ 235,235	\$ -	\$ -	\$ -
Receipts from inmates	-	-	-	-
State funds received	-	713,407	-	372,662
Seizures collections	-	-	-	-
Restitution collections	25,601	-	-	-
Hot check collections	6,688	-	-	-
Tax collections	-	-	67,518,717	-
Vehicle registration collections	-	-	12,710,821	-
Cash bond receipts	112,484	-	-	-
Investment earnings	291	-	-	12
Total additions	<u>380,299</u>	<u>713,407</u>	<u>80,229,538</u>	<u>372,674</u>
DEDUCTIONS				
Registry withdrawals	30,515	-	-	-
Registry fees to clerk	61,055	-	-	-
Inmate disbursement	80,084	-	-	-
Disbursements to others	301,497	-	-	-
State disbursements	-	720,570	-	497,016
Seizure disbursements	-	-	-	-
Restitution paid	12,615	-	-	-
Hot check disbursements	17,484	-	-	-
Tax disbursements	-	-	67,761,008	-
Vehicle registration disbursements	-	-	12,468,530	-
Total deductions	<u>503,250</u>	<u>720,570</u>	<u>80,229,538</u>	<u>497,016</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(122,951)	(7,163)	-	(124,342)
NET POSITION, BEGINNING	-	-	-	-
PRIOR PERIOD ADJUSTMENT	<u>1,869,291</u>	<u>1,560,109</u>	<u>-</u>	<u>168,193</u>
NET POSITION, ENDING	<u>\$ 1,746,340</u>	<u>\$ 1,552,946</u>	<u>\$ -</u>	<u>\$ 43,851</u>

Custodial Funds

Community Supervision and Corrections	Inmate Commissary	Special Lake	Special Forfeiture	Economic Development	Total Custodial Funds
\$ -	\$ 121,903	\$ 1	\$ -	\$ -	\$ 357,139
-	413,372	-	-	-	413,372
1,153,363	-	-	-	-	2,239,432
-	-	-	43,196	-	43,196
1,114,110	-	-	-	-	1,139,711
-	-	-	-	-	6,688
-	-	-	-	-	67,518,717
-	-	-	-	-	12,710,821
-	-	-	-	-	112,484
103	-	106	1	2	515
<u>2,267,576</u>	<u>535,275</u>	<u>107</u>	<u>43,197</u>	<u>2</u>	<u>84,542,075</u>
-	-	-	-	-	30,515
-	-	-	-	-	61,055
-	416,359	-	-	-	496,443
-	164,512	-	-	-	466,009
1,138,917	-	-	-	-	2,356,503
-	-	-	20,982	-	20,982
1,120,506	-	-	-	-	1,133,121
-	-	-	-	-	17,484
-	-	-	-	-	67,761,008
-	-	-	-	-	12,468,530
<u>2,259,423</u>	<u>580,871</u>	<u>-</u>	<u>20,982</u>	<u>-</u>	<u>84,811,650</u>
8,153	(45,596)	107	22,215	2	(269,575)
-	-	-	-	-	-
<u>485,154</u>	<u>519,841</u>	<u>100,408</u>	<u>200,764</u>	<u>2,261</u>	<u>4,906,021</u>
<u>\$ 493,307</u>	<u>\$ 474,245</u>	<u>\$ 100,515</u>	<u>\$ 222,979</u>	<u>\$ 2,263</u>	<u>\$ 4,636,446</u>

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**STATISTICAL SECTION
(Unaudited)**

This part of Navarro County, Texas' annual comprehensive 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.

Contents	Page
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.	68
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the County's ability to generate its property taxes.	76
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	82
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.	87
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.	89
Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.	

NAVARRO COUNTY, TEXAS**NET POSITION BY COMPONENT**

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

	Fiscal Year			
	2021	2020	2019	2018
Governmental activities:				
Net investment in capital assets	\$ 7,868,600	\$ 7,705,458	\$ 7,590,076	\$ 8,081,111
Restricted	5,927,055	6,300,463	4,535,323	4,243,582
Unrestricted	<u>11,004,426</u>	<u>7,391,595</u>	<u>4,977,326</u>	<u>6,312,632</u>
Total governmental activities net position	<u>24,800,081</u>	<u>21,397,516</u>	<u>17,102,725</u>	<u>18,637,325</u>
Primary government:				
Net investment in capital assets	7,868,600	7,705,458	7,590,076	8,081,111
Restricted	5,927,055	6,300,463	4,535,323	4,243,582
Unrestricted	<u>11,004,426</u>	<u>7,391,595</u>	<u>4,977,326</u>	<u>6,312,632</u>
Total primary government net position	<u>\$ 24,800,081</u>	<u>\$ 21,397,516</u>	<u>\$ 17,102,725</u>	<u>\$ 18,637,325</u>

Source: Navarro County financial records.

TABLE 1

Fiscal Year					
2017	2016	2015	2014	2013	2012
\$ 9,007,054	\$ 9,278,430	\$ 9,958,598	\$ 9,908,273	\$ 9,803,913	\$ 8,797,242
4,119,555	5,803,287	3,862,529	2,712,943	3,168,519	3,242,834
<u>7,157,731</u>	<u>7,779,915</u>	<u>8,293,305</u>	<u>9,048,509</u>	<u>7,345,700</u>	<u>5,894,974</u>
<u>20,284,340</u>	<u>22,861,632</u>	<u>22,114,432</u>	<u>21,669,725</u>	<u>20,318,132</u>	<u>17,935,050</u>
9,007,054	9,278,430	9,958,598	9,908,273	9,803,913	8,797,242
4,119,555	5,803,287	3,862,529	2,712,943	3,168,519	3,242,834
<u>7,157,731</u>	<u>7,779,915</u>	<u>8,293,305</u>	<u>9,048,509</u>	<u>7,345,700</u>	<u>5,894,974</u>
\$ <u>20,284,340</u>	\$ <u>22,861,632</u>	\$ <u>22,114,432</u>	\$ <u>21,669,725</u>	\$ <u>20,318,132</u>	\$ <u>17,935,050</u>

NAVARRO COUNTY, TEXAS

CHANGES IN NET POSITION

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

	Fiscal Year			
	2021	2020	2019	2018
EXPENSES				
Governmental activities:				
General government	\$ 8,128,277	\$ 8,446,728	\$ 7,810,731	\$ 7,593,764
Judicial	3,501,566	3,463,930	4,193,313	4,043,770
Public safety	14,531,672	14,955,859	15,553,041	14,576,160
Health and welfare	634,110	1,389,237	500,000	487,557
Roads and highways	6,134,217	5,742,915	5,212,407	5,222,591
Interest on long-term debt	258,848	268,060	362,697	297,405
Total expenses	<u>33,188,690</u>	<u>34,266,729</u>	<u>33,632,189</u>	<u>32,221,247</u>
PROGRAM REVENUES				
Governmental activities:				
Fees, fines and charges for services:				
General government	1,697,006	1,602,916	1,645,036	1,510,633
Judicial	638,133	785,539	1,035,640	1,272,763
Public safety	400,687	433,117	792,445	944,774
Health and welfare	-	-	-	-
Roads and highways	858,928	790,612	848,832	840,040
Operating grants and contributions	4,015,761	5,945,622	3,898,159	3,716,526
Capital grants and contributions	-	245,723	-	114,561
Total governmental activities program revenues	<u>7,610,515</u>	<u>9,803,529</u>	<u>8,220,112</u>	<u>8,399,297</u>
NET (EXPENSE) REVENUES				
Governmental activities	(25,578,175)	(24,463,200)	(25,412,077)	(23,821,950)
Total primary government net expense	<u>\$ (25,578,175)</u>	<u>\$ (24,463,200)</u>	<u>\$ (25,412,077)</u>	<u>\$ (23,821,950)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property taxes	\$ 25,959,503	\$ 24,744,486	\$ 20,851,759	\$ 19,846,050
Sales tax	3,358,084	2,848,202	2,691,975	2,405,730
Mixed beverage	69,233	54,011	73,558	54,847
Investment earnings	126,150	343,083	115,104	110,632
Miscellaneous	263,841	414,219	145,081	173,749
Gain from sale of capital assets	-	353,990	-	-
Special item	(796,071)	-	-	-
Total governmental activities	<u>28,980,740</u>	<u>28,757,991</u>	<u>23,877,477</u>	<u>22,591,008</u>
Total primary government	<u>28,980,740</u>	<u>28,757,991</u>	<u>23,877,477</u>	<u>22,591,008</u>
CHANGE IN NET POSITION				
Governmental activities	<u>3,402,565</u>	<u>4,294,791</u>	<u>(1,534,600)</u>	<u>(1,230,942)</u>
Total primary government	<u>\$ 3,402,565</u>	<u>\$ 4,294,791</u>	<u>\$ (1,534,600)</u>	<u>\$ (1,230,942)</u>
Prior period adjustment/ Change in accounting principle	<u>-</u>	<u>-</u>	<u>-</u>	<u>(416,073)</u>

TABLE 2

Fiscal Year					
2017	2016	2015	2014	2013	2012
\$ 7,163,449	\$ 7,647,872	\$ 9,829,863	\$ 5,872,106	\$ 5,524,778	\$ 6,422,406
3,644,029	3,248,964	2,917,168	2,891,502	2,639,512	2,577,079
14,330,396	13,370,878	12,809,589	11,743,805	11,475,382	11,710,531
500,000	503,212	500,000	507,518	499,458	381,695
5,827,624	7,592,634	4,954,679	5,023,067	4,598,346	4,678,001
309,293	287,545	314,164	197,330	94,699	95,089
<u>31,774,791</u>	<u>32,651,105</u>	<u>31,325,463</u>	<u>26,235,328</u>	<u>24,832,175</u>	<u>25,864,801</u>
1,500,684	1,577,749	1,524,324	1,449,906	1,144,977	1,434,271
1,118,802	1,079,082	955,981	1,051,255	1,163,573	1,062,082
423,771	506,491	555,948	546,332	637,884	807,349
-	-	-	-	-	-
840,960	859,288	801,772	821,436	863,382	1,050,148
3,721,451	7,351,399	7,699,167	3,573,267	3,102,887	3,422,795
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,605,668</u>	<u>11,374,009</u>	<u>11,537,192</u>	<u>7,442,196</u>	<u>6,912,703</u>	<u>7,776,645</u>
(24,169,123)	(21,277,096)	(19,788,271)	(18,793,132)	(17,919,472)	(18,088,156)
<u>\$(24,169,123)</u>	<u>\$(21,277,096)</u>	<u>\$(19,788,271)</u>	<u>\$(18,793,132)</u>	<u>\$(17,919,472)</u>	<u>\$(18,088,156)</u>
\$ 18,883,935	\$ 18,572,564	\$ 18,041,387	\$ 17,221,450	\$ 17,321,497	\$ 16,697,629
2,413,970	2,318,730	2,241,653	2,700,800	2,156,560	2,028,797
39,561	54,841	51,999	50,967	39,558	35,789
102,379	74,715	114,256	103,166	85,328	79,613
151,986	103,507	117,139	92,095	125,849	101,106
-	-	-	-	-	-
<u>21,591,831</u>	<u>21,124,357</u>	<u>20,566,434</u>	<u>20,168,478</u>	<u>19,728,792</u>	<u>18,942,934</u>
<u>21,591,831</u>	<u>21,124,357</u>	<u>20,566,434</u>	<u>20,168,478</u>	<u>19,728,792</u>	<u>18,942,934</u>
(2,577,292)	(152,739)	778,163	1,375,346	1,809,320	854,778
<u>\$(2,577,292)</u>	<u>\$(152,739)</u>	<u>\$ 778,163</u>	<u>\$ 1,375,346</u>	<u>\$ 1,809,320</u>	<u>\$ 854,778</u>
<u>-</u>	<u>-</u>	<u>(333,456)</u>	<u>(23,753)</u>	<u>573,762</u>	<u>-</u>

NAVARRO COUNTY, TEXAS**FUND BALANCES
GOVERNMENTAL FUNDS**

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

	Fiscal Year			
	2021	2020	2019	2018
General fund				
Nonspendable	\$ -	\$ -	\$ 29,095	\$ 29,095
Assigned	1,400,835	-	1,339,292	2,451,033
Unassigned	<u>14,414,585</u>	<u>10,783,593</u>	<u>7,427,280</u>	<u>5,602,101</u>
Total general fund	<u>15,815,420</u>	<u>10,783,593</u>	<u>8,795,667</u>	<u>8,082,229</u>
All other governmental funds				
Restricted	5,739,943	6,121,037	4,377,242	3,970,477
Unassigned	<u>(42,031)</u>	<u>(58,936)</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 5,697,912</u>	<u>\$ 6,062,101</u>	<u>\$ 4,377,242</u>	<u>\$ 3,970,477</u>

Source: Navarro County financial records

TABLE 3

	Fiscal Year				
<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 51,881	\$ 155,818	\$ 136,034	\$ 116,597	\$ 135,414	\$ 174,495
2,191,056	1,887,195	1,794,505	1,555,065	1,060,301	818,362
<u>6,211,211</u>	<u>6,882,261</u>	<u>6,463,774</u>	<u>6,865,925</u>	<u>5,539,526</u>	<u>4,014,022</u>
<u>8,454,148</u>	<u>8,925,274</u>	<u>8,394,313</u>	<u>8,537,587</u>	<u>6,735,241</u>	<u>5,006,879</u>
3,980,564	4,860,184	5,954,054	8,526,005	2,950,428	2,964,017
<u>-</u>	<u>(1,043,304)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,980,564</u>	<u>\$ 3,816,880</u>	<u>\$ 5,954,054</u>	<u>\$ 8,526,005</u>	<u>\$ 2,950,428</u>	<u>\$ 2,964,017</u>

NAVARRO COUNTY, TEXAS

CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

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

	Fiscal Year			
	2021	2020	2019	2018
REVENUES				
Property taxes	\$ 25,968,454	\$ 24,598,200	\$ 21,078,193	\$ 19,755,712
Sales tax and other	3,427,317	2,902,213	2,765,533	2,460,577
Intergovernmental	4,716,144	5,310,990	3,971,214	3,966,130
Licenses and permits	858,928	790,612	848,832	840,040
Fees of office	2,387,371	2,343,035	2,231,691	2,142,721
Fines and forfeitures	525,038	608,445	1,028,080	1,160,767
Interest on investments	126,150	343,083	115,104	110,632
Other	261,972	414,219	274,446	366,227
Total revenues	<u>38,271,374</u>	<u>37,310,797</u>	<u>32,313,093</u>	<u>30,802,806</u>
EXPENDITURES				
General government	7,295,919	7,537,448	6,624,841	6,810,425
Judicial	3,543,643	3,406,206	3,904,798	4,002,336
Public safety	14,140,794	14,201,572	14,020,139	13,674,261
Health and welfare	634,588	1,376,220	500,000	487,541
Roads and highways	5,715,939	5,256,966	4,405,092	4,554,721
Capital outlay	864,112	882,566	1,312,465	949,619
Debt service				
Principal	926,730	1,548,931	996,555	574,130
Interest and fiscal charges	264,945	289,364	323,272	296,666
Costs of debt issuance	-	-	25,000	-
Intergovernmental	<u>391,147</u>	<u>384,377</u>	<u>340,446</u>	<u>338,579</u>
Total expenditures	<u>33,777,817</u>	<u>34,883,650</u>	<u>32,452,608</u>	<u>31,688,278</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ <u>4,493,557</u>	\$ <u>2,427,147</u>	\$ <u>(139,515)</u>	\$ <u>(885,472)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 66,227	\$ -
Transfers out	-	-	(66,227)	-
Issuance of debt	-	-	1,100,000	-
Issuance of capital lease	154,041	384,375	155,499	649,461
Sale of capital assets	<u>20,040</u>	<u>861,263</u>	<u>4,219</u>	<u>2,931</u>
Total other financing sources (uses)	<u>174,081</u>	<u>1,245,638</u>	<u>1,259,718</u>	<u>652,392</u>
NET CHANGE IN FUND BALANCES	<u>4,667,638</u>	<u>3,672,785</u>	<u>1,120,203</u>	<u>(233,080)</u>
PRIOR PERIOD ADJUSTMENT/ CHANGE IN ACCOUNTING PRINCIPLE	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(148,926)</u>
DEBT SERVICES (PRINCIPAL AND INTEREST) AS PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>3.62%</u>	<u>5.41%</u>	<u>4.34%</u>	<u>2.84%</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					
2017	2016	2015	2014	2013	2012
\$ 18,936,898	\$ 18,488,480	\$ 17,990,383	\$ 17,307,346	\$ 17,429,129	\$ 16,751,283
2,453,531	2,373,571	2,293,652	2,751,767	2,196,118	2,064,586
4,242,687	7,168,446	7,098,835	3,201,627	2,843,181	3,327,917
840,960	859,288	801,772	821,436	863,382	1,033,756
2,085,721	1,825,932	2,030,619	2,005,119	2,001,608	1,984,300
1,082,732	1,041,716	989,641	1,021,187	1,179,205	1,254,762
102,379	74,715	114,256	103,166	85,328	79,610
226,915	479,586	714,786	421,333	362,247	181,103
<u>29,971,823</u>	<u>32,311,734</u>	<u>32,033,944</u>	<u>27,632,981</u>	<u>26,960,198</u>	<u>26,677,317</u>
6,406,587	6,349,701	9,398,667	5,806,092	5,195,928	5,299,995
3,445,310	3,200,762	2,982,851	2,874,039	2,638,214	2,571,547
12,989,948	12,449,378	12,367,418	11,030,465	10,825,767	11,024,892
500,000	500,000	500,000	507,436	500,000	381,695
5,064,510	6,917,665	4,345,828	4,358,484	4,040,821	4,147,150
1,810,583	3,639,988	4,473,887	2,106,721	1,533,224	568,795
666,614	529,393	849,867	767,002	812,771	670,254
300,608	285,919	335,851	57,072	65,021	76,632
-	-	-	78,675	-	-
349,278	446,328	436,490	472,638	495,265	489,714
<u>31,533,438</u>	<u>34,319,134</u>	<u>35,690,859</u>	<u>28,058,624</u>	<u>26,107,011</u>	<u>25,230,674</u>
<u>\$ (1,561,615)</u>	<u>\$ (2,007,400)</u>	<u>\$ (3,656,915)</u>	<u>\$ (425,643)</u>	<u>\$ 853,187</u>	<u>\$ 1,446,643</u>
\$ 420,381	\$ -	\$ -	\$ -	\$ -	\$ -
(420,381)	-	-	-	-	-
-	-	-	7,500,000	-	-
1,149,854	398,399	131,807	296,103	831,858	-
104,319	2,788	38,416	7,463	29,728	14,286
<u>1,254,173</u>	<u>401,187</u>	<u>170,223</u>	<u>7,803,566</u>	<u>861,586</u>	<u>14,286</u>
<u>(307,442)</u>	<u>(1,606,213)</u>	<u>(3,486,692)</u>	<u>7,377,923</u>	<u>1,714,773</u>	<u>1,460,929</u>
\$ -	\$ -	\$ (333,456)	\$ (23,753)	\$ -	\$ -
<u>3.26%</u>	<u>2.60%</u>	<u>3.32%</u>	<u>2.94%</u>	<u>3.36%</u>	<u>2.96%</u>

NAVARRO COUNTY, TEXAS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Real Property			Personal Property
	Residential Property	Commercial Property	Other Property	
2021	\$ 1,712,690,207	\$ 2,694,180,998	\$ 1,145,257,417	\$ 1,262,685,250
2020	1,596,623,293	2,371,898,802	1,013,835,832	1,376,695,870
2019	1,507,145,422	2,310,056,480	753,423,366	1,239,012,900
2018	1,479,572,425	2,162,767,437	807,114,404	895,879,723
2017	1,365,507,347	2,073,336,020	787,903,490	859,879,723
2016	1,239,467,692	1,917,182,983	711,249,302	839,283,030
2015	1,173,268,641	1,736,195,562	695,298,377	859,851,373
2014	1,148,198,826	1,512,051,300	635,984,345	753,950,248
2013	1,165,633,315	1,448,349,624	632,067,059	781,049,711
2012	1,152,388,951	1,292,242,432	633,892,992	839,663,470
2011	1,513,783,990	852,681,050	622,943,740	843,596,443

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.

TABLE 5

Less: Tax-exempt Property		Total Taxable Assessed Value ^a	Total Direct Tax Rate
\$	1,629,032,717	\$ 5,185,781,155	\$ 0.60
	1,398,038,104	4,961,015,702	0.60
	1,396,902,375	4,648,935,793	0.62
	1,298,517,979	4,406,198,399	0.63
	1,277,639,610	3,808,986,970	0.63
	1,117,222,178	3,589,960,829	0.63
	963,963,545	3,500,650,408	0.63
	841,438,429	3,208,746,290	0.63
	817,576,497	3,209,523,212	0.63
	800,054,544	3,118,133,301	0.63
	794,462,630	3,038,542,593	0.63

NAVARRO COUNTY, TEXAS

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

LAST TEN FISCAL YEARS *(Unaudited)*

	Fiscal Year				
	2021	2020	2019	2018	2017
County direct rates					
General	\$ 0.4818	\$ 0.4879	\$ 0.4925	\$ 0.4925	\$ 0.4925
Debt Service	0.0104	0.0043	0.0184	0.0184	0.0184
Road and bridge	0.1038	0.1038	0.1071	0.1071	0.1071
Flood control	0.0085	0.0085	0.0090	0.0090	0.0090
Total direct rate	0.6045	0.6045	0.6270	0.6270	0.6270
Cities					
Barry	0.3938	0.3871	0.4053	0.4034	0.4034
Blooming Grove	0.4175	0.4175	0.4550	0.4230	0.4801
Corsicana	0.6120	0.6120	0.6272	0.6272	0.6272
Dawson	0.4271	0.4190	0.4324	0.4308	0.4324
Emhouse	0.2296	0.2350	0.2524	0.2943	0.2943
Frost	0.4860	0.4901	0.5394	0.5504	0.5690
Goodlow	0.0839	0.0862	0.0897	0.0897	0.0897
Kerens	0.6805	0.6805	0.6805	0.6922	0.6735
Rice	0.5500	0.5500	0.5728	0.5990	0.5990
Richland	0.2732	0.2760	0.2800	0.2341	0.2359
School Districts					
Blooming Grove	0.9601	0.9587	1.0762	1.1300	1.1300
Corsicana	1.2443	1.2666	1.2831	1.3703	1.3703
Dawson	1.1756	1.1939	1.3894	1.4654	1.2922
Frost	1.2367	1.2326	1.4243	1.5925	1.1743
Kerens	1.1920	1.2291	1.3300	1.4400	1.4400
Mildred	1.1114	1.2242	1.2859	1.3928	1.2812
Rice	1.4168	1.4263	1.5249	1.6265	1.6265
Colleges					
Navarro College	0.1164	0.1164	0.1164	0.1218	0.1218

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				
2016	2015	2014	2013	2012
\$ 0.4925	\$ 0.4909	\$ 0.4909	\$ 0.4909	\$ 0.4909
0.0184	0.0200	0.0200	0.0200	0.0200
0.1071	0.1071	0.1071	0.1071	0.1071
0.0090	0.0090	0.0090	0.0090	0.0090
0.6270	0.6270	0.6270	0.6270	0.6270
0.3851	0.3851	0.3851	0.3851	0.3661
0.4801	0.4512	0.4821	0.4821	0.4900
0.6272	0.6272	0.6272	0.6272	0.6272
0.4234	0.4000	0.4000	0.4000	0.4000
0.2943	0.2943	0.2943	0.2943	0.2943
0.5690	0.5611	0.5657	0.5600	0.5300
0.0897	0.0897	0.0897	0.0897	0.0897
0.6839	0.6803	0.6817	0.6434	0.6434
0.5990	0.5844	0.5351	0.4999	0.4700
0.2330	0.2330	0.2330	0.2330	0.2189
1.1300	1.1300	1.1300	1.1300	1.1300
1.3703	1.3703	1.2830	1.2830	1.2830
1.2922	1.2922	1.2900	1.2900	1.2900
1.2208	1.2308	1.2550	1.2550	1.2550
1.1100	1.1100	1.1100	1.1100	1.1100
1.2812	1.2812	1.2980	1.2906	1.2798
1.3365	1.3365	1.4200	1.4200	1.4200
0.1183	0.1183	0.1202	0.1190	0.1190

TABLE 7

NAVARRO COUNTY, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Taxpayer	Fiscal Year					
	2021			2012		
	Taxable Assessed Value ^a	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Seaway Crude Pipeline LP	\$ 155,115,820	1	2.99%	\$ -	-	- %
Pactiv Foam	120,283,070	2	2.32%	-	-	- %
Oncor Electric Delivery CO LLC	103,667,790	3	2.00%	43,840,090	3	1.82%
Guardian Industries LLC	67,767,260	4	1.31%	47,902,205	2	1.99%
Grand Prix Pipeline LLC	51,581,010	5	0.99%	-	-	- %
Russell Stover Chocolates LLC	52,497,320	6	1.01%	41,788,490	4	1.73%
Permian Express Partners	51,055,800	7	0.98%	-	-	- %
Magellan Pipeline Co. LP	47,034,770	8	0.91%	19,588,170	10	0.81%
Union Pacific Railroad Co	45,030,380	9	0.87%	-	-	- %
True Value Company	43,136,610	10	0.83%	30,657,820	7	1.27%
Energy Transfer Fuel,LP	-	-	- %	80,588,880	1	3.35%
HD USA 5147	-	-	- %	39,242,590	5	1.63%
Corsicana Technologies, Inc.	-	-	- %	32,423,520	6	1.35%
Union Pacific Railroad Co	-	-	- %	23,181,290	8	0.96%
Sunoco Pipeline LP	-	-	- %	21,707,000	9	0.90%
Total	\$ 737,169,830		14.22%	\$ 380,920,055		15.81%
Total taxable assessed value	\$ 5,185,781,155		100.00%	\$ 2,409,074,987		100.00%

Source: Navarro Central Appraisal District

TABLE 8

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

Fiscal Year	Tax Levy as of Fiscal Year End ^a	Collected within the Fiscal Year of the Levy		Subsequent Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2021	\$ 25,544,212	\$ 24,999,523	97.87%	\$ -	\$ 24,999,523	97.87%
2020	24,510,611	23,706,823	96.72%	621,224	24,328,047	99.26%
2019	21,015,271	20,461,517	97.36%	463,359	20,924,876	99.57%
2018	19,641,289	19,176,629	97.63%	412,775	19,589,404	97.63%
2017	18,667,254	18,186,299	97.42%	153,083	18,339,382	98.24%
2016	18,321,633	17,838,796	97.36%	151,249	17,990,045	98.19%
2015	18,337,365	17,493,815	95.40%	158,191	17,652,006	96.26%
2014	16,919,911	16,550,804	97.82%	164,639	16,715,443	98.79%
2013	16,978,004	16,526,542	97.34%	251,194	16,777,736	98.82%
2012	16,418,058	15,936,147	97.06%	352,559	16,288,706	99.21%

Source: Navarro County Tax Assessor/Collector

Notes:

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

TABLE 9

NAVARRO COUNTY, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Governmental Activities			Total Long-term Debt	Percentage of Personal Income ^{b,c}	Per Capita ^b
	General Obligation Bonds	Tax Notes	Capital Leases			
2021	\$ 5,715,000	810,000	\$ 475,805	\$ 7,000,805	0.23%	130.63
2020	6,050,000	957,000	765,607	7,772,607	0.39%	155.10
2019	6,370,000	1,100,000	1,454,710	8,924,710	0.47%	183.26
2018	6,680,000	-	1,990,263	8,670,263	0.48%	178.03
2017	6,970,000	-	1,627,121	8,597,121	0.49%	176.53
2016	7,245,000	-	868,881	8,066,012	0.49%	166.23
2015	7,500,000	-	936,531	8,436,531	0.49%	174.59
2014	8,030,000	-	929,231	8,959,231	0.53%	185.90
2013	1,020,000	-	910,130	1,930,130	0.11%	40.18
2012	1,500,000	-	411,043	1,911,043	0.11%	39.75

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.

TABLE 10

NAVARRO COUNTY, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

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 ^b	Per Capita ^c
	General Obligation Bonds	Tax Notes	Capital Leases	Total				
2021	\$ 5,715,000	\$ 810,000	\$ 475,805	\$7,000,805	\$ 97,788	\$ 6,903,017	0.13%	128.81
2020	6,050,000	957,000	765,607	7,772,607	457,838	7,314,769	0.15%	145.97
2019	6,370,000	1,100,000	1,454,710	8,924,710	292,583	8,632,127	0.19%	177.25
2018	6,680,000	-	1,990,263	8,670,263	210,359	8,459,904	0.19%	173.71
2017	6,970,000	-	1,627,121	8,597,121	133,507	8,463,614	0.22%	173.79
2016	7,245,000	-	868,881	8,113,881	63,905	8,049,976	0.22%	165.90
2015	7,500,000	-	936,531	8,436,531	2,243	8,434,288	0.24%	174.54
2014	8,030,000	-	929,231	8,959,231	99,927	8,859,304	0.28%	183.82
2013	1,020,000	-	910,130	1,930,130	120,433	1,809,697	0.06%	37.67
2012	1,500,000	-	411,043	1,911,043	91,369	1,819,674	0.06%	37.85

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.

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TABLE 11

NAVARRO COUNTY, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2021
(Unaudited)

Taxing Jurisdiction		Percentage Overlapping Navarro County	Net Debt	Subtotals
County-wide				
	Navarro County	100.00%	\$ 7,000,805	
Total direct debt		100.00%		\$ 7,000,805
Cities				
	Angus	100.00%	-	
	Barry	100.00%	-	
	Blooming Grove	100.00%	-	
	Corsicana	100.00%	26,205,877	
	Dawson	100.00%	30,000	
	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%	26,235,877	
School District (% of assessed value)				
	Blooming Grove	100.00%	716,827	
	Bynum	1.51%	8,397	
	Corsicana	99.53%	79,566,956	
	Dawson	98.94%	7,311,666	
	Ennis	1.33%	1,004,797	
	Fairfield	6.60%	442,552	
	Frost	84.95%	6,088,075	
	Hubbard	1.10%	-	
	Kerens	100.00%	15,100,886	
	Mildred	100.00%	17,811,034	
	Rice	100.00%	22,304,592	
	Wortham	21.01%	507,148	
	Total School Districts	43.36%	150,862,930	
Colleges				
	Navarro College	100.00%	16,986,729	
Total indirect debt				194,085,536
Total direct and overlapping debt				\$ 201,086,341

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			
	2021	2020	2019	2018
Assessed value of real property	\$ 4,554,137,262	\$ 4,961,015,702	\$ 4,648,935,793	\$ 4,406,198,399
Debt limit rate	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>
Debt limit	<u>227,706,863</u>	<u>248,050,785</u>	<u>232,446,790</u>	<u>220,309,920</u>
Debt applicable to limit:				
Total bonded debt	6,525,000	7,007,000	7,007,000	6,680,000
Less: amount set aside for repayment	<u>97,788</u>	<u>457,838</u>	<u>292,583</u>	<u>210,359</u>
Total net debt applicable to limit	<u>6,427,212</u>	<u>6,549,162</u>	<u>6,714,417</u>	<u>6,469,641</u>
Legal debt margin	\$ <u>221,279,651</u>	\$ <u>241,501,623</u>	\$ <u>225,732,373</u>	\$ <u>213,840,279</u>
Total net debt applicable to the limit as a percentage of debt limit	2.82%	2.64%	2.89%	2.94%

Source: Navarro County financial records

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

TABLE 12

Fiscal Year					
2017	2016	2015	2014	2013	2012
\$ 3,808,986,970	\$ 3,589,960,829	\$ 3,500,650,408	\$ 3,208,746,290	\$ 3,118,133,301	\$ 3,038,542,593
<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>
<u>190,449,349</u>	<u>179,498,041</u>	<u>175,032,520</u>	<u>160,437,315</u>	<u>155,906,665</u>	<u>151,927,130</u>
6,970,000	7,245,000	7,500,000	8,030,000	1,500,000	1,970,000
<u>63,905</u>	<u>2,243</u>	<u>99,927</u>	<u>120,432</u>	<u>91,369</u>	<u>94,083</u>
<u>6,906,095</u>	<u>7,242,757</u>	<u>7,400,073</u>	<u>7,909,568</u>	<u>1,408,631</u>	<u>1,875,917</u>
\$ <u>183,543,254</u>	\$ <u>172,255,284</u>	\$ <u>167,632,447</u>	\$ <u>152,527,747</u>	\$ <u>154,498,034</u>	\$ <u>150,051,213</u>
3.63%	4.04%	4.23%	4.93%	0.90%	1.23%

TABLE 13

NAVARRO COUNTY, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS
(Unaudited)

Calendar Year	County					State of Texas	United States
	Estimated Population ^a	Personal Income (thousands of dollars) ^a	Per Capita Personal Income ^a	School Enrollment ^b	Unemployment Rate ^c	Per Capita Personal Income ^a	Per Capita Personal Income ^a
2021	53,591	\$ 3,059,135	\$ 57,083	10,252	5.10%	\$ 54,727	\$ 55,322
2020	50,113	1,987,095	39,652	9,290	5.70%	54,841	59,642
2019	49,565	1,879,580	37,922	9,915	2.92%	50,355	53,820
2018	48,701	1,799,965	36,960	9,919	3.40%	47,362	51,640
2017	48,701	1,743,642	35,803	9,984	3.60%	46,942	50,392
2016	48,523	1,719,801	35,443	9,866	4.40%	47,636	49,571
2015	48,323	1,729,577	35,792	9,866	4.10%	47,015	48,190
2014	48,195	1,700,127	35,276	9,941	4.90%	45,669	46,049
2013	48,038	1,776,685	36,985	9,768	6.70%	43,862	44,765
2012	48,077	1,731,253	36,010	9,650	8.80%	43,271	44,200

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, Department of Labor

TABLE 14**NAVARRO COUNTY, TEXAS****PRINCIPAL EMPLOYERS****SEPTEMBER 30, 2021***(Unaudited)*

Employer	Nature of Business	2021	
		Employees	Percentage of Total County Employment ^a
Russell Stover Candies	Candy Manufacturing	936	5.61%
Corsicana I.S.D	Government / Education	886	5.31%
Pactiv	Manufacturing	533	3.19%
Watkins Construction	Energy	505	3.03%
Navarro Regional Hospital	Hospital	365	2.19%
Navarro County	Government/County	360	2.16%
Walmart	Retail	350	2.10%
Corsicana Mattress	Mattress/Bedding	350	2.10%
Collin Street Bakery	Warehousing/retail	347	2.08%
Guardian Industries	Glass Manufacturing	318	1.91%
City of Corsicana	Government/City	295	1.77%
Navarro College	College	321	1.92%
Oil City Iron Works	Castings	214	1.28%
Total		5,780	34.64%

Source: Corsicana/Navarro County Chamber of Commerce

a - September 30, 2021, total employment per Texas Workforce Commission

16,686

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TABLE 15

NAVARRO COUNTY, TEXAS

FULL TIME EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government										
Elected/appointed officials	10	10	10	10	8	5	5	5	5	5
Clerical	40	40	40	40	37	37	38	39	38	38
Building maintenance	2	3	3	3	3	3	3	3	3	3
Environmental	1	-	-	-	-	-	1	2	2	2
Judicial										
Judges/justices of the peace	7	7	7	7	7	7	7	7	7	7
Criminal District Attorney	1	1	1	1	1	1	1	1	1	1
Assistant prosecutors	7	7	7	7	8	8	6	6	6	5
Paraprofessionals	6	5	5	5	5	4	5	5	5	5
Clerical	24	18	18	18	13	13	13	13	13	13
Public safety										
County sheriff	1	1	1	1	1	1	1	1	1	1
Constables	4	4	4	4	4	3	4	4	4	4
Patrol/CID	30	30	30	30	30	29	28	28	27	28
Jailers	65	70	70	68	73	70	62	59	61	72
Administration	15	13	13	13	13	13	11	11	10	12
Juvenile probation	1	1	1	1		1	1	1	1	1
Communications	13	13	13	13	13	13	13	13	13	13
Health and welfare										
Indigent health care	-	-	-	-	-	-	-	-	-	-
Roads and highways										
County Commissioners	4	4	4	4	4	4	4	4	4	4
Road employees	31	27	27	27	31	28	32	31	30	34
Total	262	254	254	252	251	240	235	233	231	248

Source: Navarro County Treasurer

NAVARRO COUNTY, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	Fiscal Year				
	2021	2020	2019	2018	2017
General Government					
Auditor's office					
Accounts payable checks issued	5,158	5,139	5,257	7,078	3,322
Treasurer's office					
Payroll checks issued	608	663	925	700	807
Cash receipts issued	3,474	2,762	3,445	4,046	3,104
County clerk					
Marriage licenses issued	196	286	335	308	309
Declarations of informal marriage	9	2	12	4	12
Birth certificates issued	2,428	2,570	3,639	3,141	3,127
Death certificates issued	617	376	594	487	449
Tax office					
Title transactions	12,475	9,620	12,407	11,024	12,725
Registration transactions	28,292	24,960	36,313	35,878	242,178
Tax certificates issued	2,013	1,598	1,472	1,361	1,748
Liquor receipts issued	16	18	14	18	15
Beer and wine receipts issued	32	33	31	30	29
Elections administration					
Number of registered voters	30,525	29,365	29,150	28,064	28,000
Judicial					
District court					
Civil cases filed	803	642	847	728	678
Civil cases disposed	613	604	824	728	800
Criminal cases filed	431	401	669	602	385
Criminal cases disposed	499	494	594	605	555
Juvenile cases filed	16	17	10	8	10
Juvenile cases disposed	12	18	13	10	7
Statutory County court					
Civil cases filed	480	463	544	539	421
Civil cases disposed	385	376	590	566	439
Criminal cases filed	397	359	606	510	373
Criminal cases disposed	369	501	560	499	433
Juvenile cases filed	14	14	16	11	7
Juvenile cases disposed	16	13	14	7	21
County court					
Civil cases filed	296	277	74	196	231
Civil cases disposed	75	277	75	60	33
Criminal cases filed	1,136	1,072	1,824	1,709	1,812
Criminal cases disposed	500	96	2,206	1,019	1,173
Justices of the peace					
Civil cases filed	1,327	1,181	1,232	1,402	962
Civil cases disposed	1,124	1,045	1,195	1,258	722
Criminal cases filed	2,249	2,369	4,713	7,606	6,848
Criminal cases disposed	3,083	3,044	5,796	6,199	4,673

Source: Various County Departments

Notes: Miles of roadway are estimated.

TABLE 16

Fiscal Year				
2016	2015	2014	2013	2012
6,781	7,146	7,146	7,652	7,374
826	912	912	875	1,060
3,383	3,127	3,127	3,267	3,205
358	346	346	420	393
6	17	17	9	8
3,273	571	571	489	580
442	418	418	423	422
11,802	11,469	11,469	11,480	11,324
50,911	51,056	51,056	51,123	50,368
1,801	1,635	1,635	1,734	1,768
15	15	15	14	22
45	27	27	41	40
27,738	25,924	25,924	26,947	26,631
642	761	761	736	821
779	685	685	986	920
538	522	522	609	705
556	537	537	554	829
13	18	18	11	32
20	15	15	15	18
451	435	472	486	342
354	435	472	486	342
433	348	366	384	224
376	298	391	286	121
14	15	21	14	20
11	17	15	13	14
416	88	88	152	109
116	65	65	105	301
2,507	1,581	1,581	1,769	1,781
2,831	1,539	1,539	1,649	1,755
706	667	667	667	625
653	638	638	617	452
6,715	7,182	7,182	7,295	6,255
5,485	5,973	5,973	6,136	4,539

NAVARRO COUNTY, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	Fiscal Year				
	2021	2020	2019	2018	2017
Public Safety					
County jail					
Detention officers	\$ 65	\$ 71	\$ 70	\$ 68	\$ 70
Total persons jailed	2,183	2,005	2,878	3,490	3,424
Average prisoner days	201	208	241	255	236
Cost per prisoner day	75	72	62	59	64
County sheriff					
Administration officers	15	14	13	13	13
Patrol officers	23	22	22	22	22
Detectives	7	6	8	8	8
Environmental officers	-	-	-	-	-
Arrests - NCSO	789	619	1,107	1,204	1,587
Warrants served- NCSO	826	686	1,500	-	-
Communications					
Communications officers	13	13	13	13	13
911 calls	25,348	22,634	22,936	24,106	24,312
Calls for service	32,395	29,347	38,892	36,491	24,191
NCSO vehicles					
Vehicles in fleet	68	63	75	69	73
Miles driven	956,952	739,618	948,194	846,885	1,079,169
Average miles per vehicle	14,283	11,557	14,815	13,233	16,862
Gasoline used (gallons)	62,400	58,865	67,600	67,757	79,060
Health and welfare					
Number of pauper burial/cremation	6	5	6	2	3
Texas AgriLife Extension Service					
Number of educational presentations	75	98	413	397	143
Number of participants in educational presentations	5,629	5,105	7,246	10,462	153,486
Roads and highways					
Miles of roadways chip sealed	-	-	-	-	2
Miles of roadways reconstructed	3	23	2	5	2
Miles of roadways overlayed	21	5	2	13	8
Number of culverts installed	56	51	60	64	60

Source: Various County Departments

Notes: Miles of roadway are estimated.

TABLE 16

Fiscal Year					
2016	2015	2014	2013	2012	
\$ 70	\$ 68	\$ 60	\$ 59	\$ 72	
3,122	3,552	3,493	3,596	3,884	
218	200	215	211	193	
69	79	64	65	71	
13	13	12	13	12	
21	21	21	22	21	
8	8	7	7	7	
-	-	1	1	2	
1,551	1,738	1,690	1,788	1,815	
-	676	559	558	538	
13	13	12	12	13	
26,359	27,630	25,269	23,368	22,798	
31,884	17,265	16,585	16,481	16,524	
69	45	61	66	66	
1,004,800	878,043	1,181,277	916,939	885,112	
14,562	19,365	19,365	13,893	13,411	
72,000	67,100	83,600	65,040	68,693	
-	-	-	1	-	
346	136	136	498	581	
38,443	9,191	9,191	9,310	16,082	
-	-	-	-	16	
10	2	2	1	2	
2	6	6	11	7	
97	84	84	107	91	

NAVARRO COUNTY, TEXAS

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

LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	Fiscal Year				
	2021	2020	2019	2018	2017
General government					
Courthouse	1	1	1	1	1
Touchscreen voting machines	137	192	182	152	150
Security scan systems	4	4	4	4	4
Annex	4	3	3	1	1
Public safety					
Justice center	1	1	1	1	1
Sheriff's vehicles	68	63	75	70	85
Emergency management					
Mobile command center	1	1	1	1	1
Emergency operations center	1	1	1	1	1
Roads and highways					
County maintenance facilities	5	5	5	5	5
Miles of road	916	916	916	916	916
Bridges	85	85	85	85	85

Sources:

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

TABLE 17

Fiscal Year				
2016	2015	2014	2013	2012
1	1	1	1	1
150	147	147	140	139
4	4	4	4	3
1	1	1	-	-
1	1	1	1	1
87	61	61	66	73
1	1	1	1	1
1	1	1	1	1
5	5	5	5	5
916	916	916	916	916
85	85	85	85	85

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Honorable County Judge
And Commissioners' Court
Navarro County, Texas

We have audited the financial statements of Navarro County, Texas (the "County") as of and for the year ended September 30, 2021 and have issued our report thereon dated June 30, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 20, 2022, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses, and material noncompliance, and other matters noted during our audit in a separate letter to you dated June 30, 2022.

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque



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

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

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Navarro County, Texas is included in Note I to the financial statements. As described in the notes to the financial statements, in Fiscal Year 2021 the County implemented new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Accordingly, the cumulative effect of this change was reported as a prior period adjustment in the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements are:

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

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

Management's estimate of the allowance for uncollectible property taxes is based on a historical collections of outstanding property taxes at September 30, 2021. We evaluated the key factors and assumptions used to develop the allowance for uncollectible property taxes in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

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

Significant Difficulties Encountered during the Audit

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

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

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

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management, please see attached schedule.

Disagreements with Management

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated June 30, 2022.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

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

We were engaged to report on certain supplementary schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued the following statements which become effective for fiscal years 2022 and 2023.

Statement No. 87, *Leases* – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the County in fiscal year 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* – This statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this statement will be effective for the County for the fiscal year ending September 30, 2023.

Restriction on Use

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

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

Waco, Texas
June 30, 2022