

**Navarro College District  
Corsicana, Texas**

**Comprehensive Annual Financial Report  
Years Ended August 31, 2019 and 2018**



**Prepared by:  
Navarro College District  
Finance Department**



## **INTRODUCTORY SECTION**



# Navarro College District

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December 12, 2019

To the Honorable Chairman, Board of Trustees, and District President of the Navarro College District:

The following comprehensive annual financial report of Navarro College (the “District”) for the fiscal year ending August 31, 2019 is hereby submitted.

Management assumes full responsibility for the completeness and reliability of the information contained in this report. A comprehensive framework of internal control has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Whitley Penn, LLP, Certified Public Accountants, issued (“clean”) opinion on the District’s financial statements for the years ended August 31, 2019, and 2018. The report of independent auditors is located at the front of the financial section of this report.

In Addition to this transmittal letter, the management’s discussion and analysis (MD&A), immediately following the report of independent auditors, which provides a narrative introduction, overview, and analysis of the basic financial statements should be read.

## **PROFILE OF THE DISTRICT**

The District was established as a public community college in an election held in Navarro County, Texas, on July 16, 1946. The District operates as a community college under the Constitution of the State of Texas and the Texas Education Code. An elected seven-member Board of Trustees (hereinafter called the “Board”) governs the District. At each election (the second Saturday in May in odd-numbered years), two Trustees are elected, one at-large and one for a single place, to serve six-year terms. Every third election, three Trustees are elected, with one at-large. The Board holds regularly scheduled meetings on the fourth Thursday of each month unless otherwise announced. Board meetings are held in the Bulldog Board Room located in the Dr. Kenneth Walker Dining Hall and Deli on the Corsicana campus unless otherwise provided in the notice of meeting posted in compliance with the public notice requirements.

The Board has the final authority to determine and interpret the policies that govern the District, limited only by the State legislature, the courts, and the will of the people as expressed in Board of Trustee elections. All Board meetings comply with the Open Meetings Act. When agenda items require an action, a majority vote of a quorum (four members) of the Board of Trustees is needed.

In general, the Board provides policy direction and capital goals for the District consistent with the District's role and mission. Statutory regulations specifying the Board's responsibilities include general Board business, ordering elections and issuing bonds, appointing the District President, setting the tax rate, and causing the preparation and adoption of the budget for each fiscal year.

## **LOCAL ECONOMY AND OUTLOOK**

The District is well positioned for growth due to the geographical location of the Corsicana Campus between Dallas and Houston on Interstate 45 and between Waco and Tyler on State Highway 31 and with the Ellis County campuses located just south of the Dallas/Fort-Worth metroplex. Student enrollment statewide is experiencing a slight increase trend among community colleges. According to the Texas Higher Education Coordinating Board (THECB), the fall 2018 community college statewide enrollment average increased by 4.4% while Navarro College showed a 4.2% decrease in student headcount. Navarro College's large accountability peer group (Amarillo College, Blinn College, Central Texas College, Del Mar College, Laredo Community College, North Central College, South Plains College, and Tyler Junior College) experienced fluctuations from a 12.2% increase (Central Texas College) with an average 2.7% increase for the peer group.

Navarro County's (taxing district) economy is based on manufacturing, agriculture, and mineral production. Agricultural income is derived from beef cattle, dairy cattle, horses, cotton, and grain. Minerals produced in the county include oil, gas, sand, and gravel. Growth in the county has been minimal, although the assessed value increased 218.6 million (6.4%) during the past fiscal year.

### **Navarro County**

The Corsicana Campus is located in Navarro County, Texas. Corsicana is an industrial and commercial center. The area has the longest continuous oil flow in Texas with a total production in excess of 200 million barrels since 1895. Industries, railroads, oil, agriculture and cattle are characteristics that define Corsicana. Corsicana and the surrounding area offer many opportunities for recreational activities. There are 12 parks, 2 golf courses, 49 tennis courts, and 3 lakes, including Richland Chambers, which is the third largest lake in the State of Texas. Corsicana also offers The Palace Theatre, The Warehouse Living Arts Center, and an outdoor amphitheater for concerts.

The estimated population of Navarro County in 2018 was 49,565 with the city of Corsicana having an estimated 2018 population of 23,825\*. Corsicana is home to more than sixty industries, which includes information technology, manufacturers, processors, and distribution centers. Several Fortune 500 or publicly traded companies call Corsicana their home, including Russell Stover Candies Inc. (candy manufacturing and outlet store), Pactiv (food packaging) and Kohl's (distribution center).

Other major employers include True Value Distribution Center (hardware), Firestone Building Products (roofing products), Guardian Industries Corporation (float glass manufacturing), Collin Street Bakery (foods manufacturing and outlet store), Oil City Iron Works (castings), and Corsicana Bedding (bedding and furniture).

\*(Retrieved) June 17, 2019, from <http://www.txcip.org/tac/census/profile.php?FIPS=48349>)

## Major Employers

The following is a list of Corsicana's leading private sector employers:

<b>Private Employer</b>	<b>Sector</b>
Russell Stover Candies	Manufacturing
Watkins Construction	Energy
Navarro Regional Hospital	Healthcare
Walmart Super Center	Retail
Guardian Industries	Manufacturing
Corsicana Mattress	Manufacturing
Oil City Iron Works	Manufacturing
Pactiv	Manufacturing
Kohl's Distribution Center	Distribution/Warehousing
True Value Hardware	Distribution/Warehousing
NALCO Champion	Chemical
Collin Street Bakery	Food Services
Angels at Home	Home Health Care
Morgan Corp.	Truck Body Fabrication
Polyguard	Waterproof Membranes
Community National Bank & Trust	Banking/Financial Services
Heritage Oaks	Retirement/Healthcare
Plasson	Manufacturing
Navarro Pecan	Confectionery Wholesaler
EXXON/Mobile Pipeline	Oil & Gas
Enterprise Precast Concrete	Manufacturing/Construction
Leibe Dallas	Manufacturing
Russell Stover Candies	Manufacturing
Watkins Construction	Energy
Navarro Regional Hospital	Healthcare
Walmart Super Center	Retail

The following is a list of Corsicana's leading public sector employers:

<b>Public Employer</b>	<b>Sector</b>
Corsicana ISD	Education
Navarro College	Education
City of Corsicana	Government
Navarro County	Government

Note: Retrieved June 17, 2019, from <https://www.cityofcorsicana.com/752/Major-Employers>

## Ellis County

Navarro College has two campuses in Ellis County. One is in Waxahachie and the other in Midlothian.

The North Central Texas Council of Governments projects that Ellis County, a major part of our service area, will continue to grow dramatically. The 2018 population in Ellis County was 179,439, indicating an annual average growth rate of 3.0% from the previous year. In 2016, 21.9% of residents between the ages of 25 and 64 hold a bachelor's degree. The median household income in 2017 was 71,512 and the median house value in Ellis County was 158,200. The 2018 estimated population of Waxahachie was 36,807 and the 2018 estimated population of Midlothian was 27,049. Ellis County is projected to have a population of 186,254 by 2023. In addition, the county's total unemployment rate for year ending 2018 decreased by 6%.

The City of Waxahachie is conveniently located just south of the Dallas Fort-Worth Metroplex, at the crossroads of I-35 East and U.S. Highway 287. Waxahachie hosts hundreds of festivals and events, large and small, year-round. Large events include the Bob Phillips Texas Country Reporter Festival, Crape Myrtle Festival, and Waxahachie's Cinco De Mayo Festival. Historic events consist of the Gingerbread Trail Tour of Homes, Annual Chautauqua Assembly, WWII Veterans Day Re-enactment and the Christmas Candlelight Tour of Homes. Waxahachie continues to be an attractive area of location for developers as well as individuals. The City of Waxahachie provides a 25% tax exemption, up to \$25,000, to rehabilitate historic properties with approval from the Heritage Preservation Commission. Commercial development continues in Waxahachie with the 100,000 square foot expansion of Cardinal Insulating Glass. The North Grove Business Center with Atwood's Ranch and Home as its anchor, opened in 2018. The community space includes Three Rivers Coffee, Upscale Nails & Spa, Salon 180°, SMD Designs +Boutique, and Branded Burger. Several other new businesses opened in Waxahachie in 2018, including Harbor Freight, Tacos 4 Life, and Northgate Waxahachie Gymnastics Center.

Midlothian is a growing community in northwest Ellis County. The city is centrally located south of both Dallas and Fort Worth. Midlothian is a very active community, which holds several civic events and activities throughout the year, including the Fall Festival, Wine and Arts Festival, and Midlothian Marketplace. Due to the city's central location, at the intersection of two major state highways, 287 & 67, transportation accessibility is a unique asset for expanding businesses. Midlothian is also near the vicinity of four interstate highways, (I-20, I-35E, I-35W, & I-45). Rail transportation is a prime strength of the area with both Union Pacific and Burlington Northern railroads serving the area. The major employers in Midlothian are Gerdau, Midlothian ISD, Target Corporation, Wal-Mart, City of Midlothian, Ash Grove Cement, Holcim US Inc., Methodist Medical Center, Martin Marietta Materials, Ennis Inc., Texas Industries Inc., Martech, Inc., MidTexas International, Navarro College, Dynege, Niagara LaSalle Corporation, QuikTrip Warehouse, Qualico Steel, Buckley Oil Company, and Chemtrade. Midlothian recently announced an agreement with Google for the development of a \$500 million data center to be constructed in the city's Railport Business Park. Projections from Google are for a five-phase project, with each phase valued at \$500 million capital investment. Methodist Hospital announced the construction of a new hospital on Highway 287 across from the Navarro College campus in Midlothian. Slated to open in 2020, the five-story acute care hospital will have a build out of 80 beds and an additional three-story professional building next to the hospital complex.

The City of Red Oak is nestled on the northern fringe of Ellis County at the intersection of I-35 East and FM 667. Red Oak hosts numerous events each year, including the North Ellis County Business & Community Expo, Fall Festival, and Christmas in Red Oak Festival & Parade. Just a few minutes south of downtown Dallas, Red Oak residents and visitors have immediate access to world-class arts & culture, entertainment, and sports. Red Oak is the home for an impressive portfolio of industries, including Triumph Aerospace Structures (advanced technology and manufacturing, defense, aviation and aerospace), National Freight Industries (transportation, logistics, distribution, and warehousing), and Knapheide Truck Equipment Center Dallas (truck bodies, quote requests, and parts).

Ennis is located 25 miles south of downtown Dallas on I-45, with a historic downtown that offers family fun year-round. Recreational activities include skiing, fishing, swimming, and camping at U.S. Army Corps of Engineers Bardwell Lake. Ennis continues to be a Main Street City, hosting a farmers market and Lights of Ennis Christmas Celebration. Tourists are drawn to the 40-mile “Official Texas Bluebonnet Trail” and to the National Polka Festival held each May. The Texas Motorplex, located on Highway 287, is home of the world speed record of 333.95 mph. The Texas Motorplex hosts the annual NHRA Fall National Auto Racing event and more than 90 other racing events. Sugar Ridge Winery, Galaxy Drive-In Theatre, the Czech Museum, and Ennis All-Star Bowl are other businesses located in the vicinity. Major businesses in Ennis include Advanced Drainage Systems, CVS Pharmacy Distribution Center, Dynegy Power Plant, Ennis Extruded Products, Inc., Leggett & Platt Corp. Inc., Lowe’s Distribution Center, PetSmart Distribution Center, Polyguard Products, Inc., Sterilite Corp. of Texas, and TeleTech.

Top employers of Waxahachie per the City of Waxahachie:

<b>Employers with 500 - 1,000 Employees</b>	
<b>Company Name</b>	<b>Nature of Business</b>
Dart Container Corp	Insulated Foam Cups
Owens Corning Fiberglass	Insulation
Waxahachie ISD	Public Schools
Walgreen Company	Distribution Center
<b>Employers with 250 - 499 Employees</b>	
<b>Company Name</b>	<b>Nature of Business</b>
Baylor Medical Center at Waxahachie	Hospital
City of Waxahachie	Local Government
UNIVAR	Chemical Blending

<b>Employers with 100 - 249 Employees</b>	
<b>Company Name</b>	<b>Nature of Business</b>
A.E.P. Industries	Polyethylene Film
CMC Construction Services	Steel Fabricators
C. R. Laurence	Commercial Storefronts
Cabinet Specialists	Cabinet Manufacturers
Cardinal CG	Coated Glass
Cardinal IG	Insulated Glass
Ellis County	County Government
Fortra Fiber Cement (James Hardie)	Cement Fiberboard
Georgia Pacific	Paper Packaging Products
HEB Grocery Store	Retail
International Extrusion	Extrusion - Anodizing
Kinro-Composites	Bathtub Fabrication
Lifoam Industries, LLC.	Styrofoam Cups/Coolers
Southwestern Assemblies of God University	Private Higher Education
<b>Employers with 50-99 Employees</b>	
<b>Company Name</b>	<b>Nature of Business</b>
National Freight, Inc.	Freight Trucking
Coal City Cob Company	Hazardous Liquid Bulk Transportation
Navarro College-Waxahachie	Public Higher Education
Tex Corr	Paper Packaging Products

*Note:* Retrieved September 13, 2018, from [http://www.waxahachie.com/departments/economic\\_development\\_new/site\\_location\\_center/top\\_employers.php](http://www.waxahachie.com/departments/economic_development_new/site_location_center/top_employers.php)

<b>Top employers in Midlothian</b>	
<b>Employers with 500 - 1,000 Employees</b>	
<b>Company Name</b>	<b>Nature of Business</b>
Gerdau Ameristeel	Steel Manufacturing
Midlothian ISD	Public Schools
Target Corporation	Warehouse
<b>Employers with 200 - 499 Employees</b>	
<b>Company Name</b>	<b>Nature of Business</b>
Wal-Mart Stores	Retail
Holcim Texas	Cement Production
Texas Industries	Cement Production
<b>Employers with 100 - 199 Employees</b>	
<b>Company Name</b>	<b>Nature of Business</b>
City of Midlothian	Local Government
Ashgrove Cement	Cement Production
Methodist Medical Center	Health Care
MidTexas International	Auto Processing
<b>Employers with 50 - 99 Employees</b>	
<b>Company Name</b>	<b>Nature of Business</b>
Ennis Inc.	Corporate Headquarters
Navarro College	Education
American National Power	Electric Power Generation
Niagara LaSalle Corporation	Steel Production

Retrieved July 17,2019 Reprinted from <https://livability.com/tx/midlothian/business/midlothian-tx-top-employers>

## **Limestone County**

The Mexia Campus is located on North Martin Luther King Boulevard (Hwy 14) in Mexia, the largest city in Limestone County. Limestone County is approximately 30 miles east of Waco, Texas, and has a total area of 933 square miles with an estimated population in 2018 of 23,519. Groesbeck, located approximately 12 miles north of Mexia, is the Limestone County seat. In 2017 the estimated population who had earned a High School diploma or higher was 76.3% while the average population earning a Bachelor's Degree or higher was 13.6%. The 2018 estimated population for the city of Mexia was 7,373. Limestone County is a historic area, which was home to the Tawakoni, or Tehuacana, and Waco Indians. The Civilian Conservation Corps built Fort Parker State Recreation Area during the Great Depression on the site of the Fort Parker Massacre, the most famous Indian attack in Texas. The city of Mexia is an agribusiness and trade center, with a hospital, a newspaper, multiple small businesses, an industrial park skilled care facilities and nursing homes, the Limestone County Airport, and the Gibbs Memorial Library. The Mexia State Supported Living Center, a 215-acre State-supported living center, which provides campus-based direct services to 310 individuals with intellectual or developmental disabilities, is a major employer in the area with approximately 1,600 employees. Additional employers include Wal-Mart, HEB, other retailers and manufacturing companies, and a mine in the small town of Kosse. The area is predominantly utilized for farming and ranching.

## **Freestone County**

The Navarro College Welding Lab is located in Fairfield, Texas, in Freestone County. The Welding Lab prepares the local population as well as dual credit students for a welding industry certification. Freestone County is located 90 miles south of Dallas on I-45 and U.S. Highway 84 and has a total area of 892 square miles, with a 2018 estimated population of 19,808, of which 2,937 reside in the city of Fairfield. Other cities in Freestone County are Teague, Wortham, and Streetman.

In 2017, 81.8% of Freestone County residents had earned a High School Diploma or higher, while 11.1% had earned a Bachelor's Degree or higher. The Fairfield Lake State Park was opened to the public in 1972 and serves as a local attraction for campers and fishermen. Other attractions in Freestone County include the Tri-County Golf Club at the Vineyards, the B-RI Railroad Museum, and the Freestone County Historical Museum. Freestone County is primarily a livestock county with limited row-crop farming and has significant oil and gas production. Major employers include the Boyd Unit prison, a Texas Correctional facility, Burlington Northern-Santa Fe Railroad, Brookshire Brothers, health care facilities, manufacturers, and respective school districts.

## **LEON COUNTY**

Although there is no Navarro College campus located in Leon County, Navarro College provides service for the citizens and high schools within the county. Leon County is located approximately 60 miles northeast of College Station, Texas, and has a total area of 1,081 square miles with a 2018 estimated population of 17,270. The county seat is Centerville with a 2018 estimated population of 896. Other cities in Leon County include Buffalo, Jewett, Marquez, and Leona. Fort Boggy State Park is a popular attraction. Nucor Steel is one of the largest employers in the county with an annual revenue between \$500 million and \$1 billion, employing a staff of approximately 250 to 500 employees at any given time. The Champion Ranch, located near Centerville, is a large ranching facility and peach orchard which provides livestock to area rodeo/stock shows and sponsors scholarships for area 4H and FFA students.

## COMMUNITY OUTREACH AND PARTNERSHIPS

The District is committed to providing educational and social opportunities for students at a reasonable cost. Student Financial Aid personnel actively assist students with all facets of financial aid to help fund their educational expenses. A total of \$29.7 million in awards was processed in fiscal year 2019. The District aims to provide high quality educational experiences for all students and to establish a nurturing learning environment to promote responsible citizenship. The District maintains a warm and supportive climate that builds a sense of community among learners. The District pledges to remain accountable as an institution of higher learning and as a custodian of the public trust.

The District continues to meet the needs of the community in developing a professional workforce by expanding the educational training opportunities to its residents. Some examples of our programs include the following:

- New career and technical programs planned across the District in future years include Hospitality Management, Cyber Security, Web Design, and Respiratory Therapy and Licensed Chemical Dependency Counselor.
- The Navarro College Cook Education Center is equipped with a 60-foot domed planetarium, one of the largest in the state of Texas. Visitors experience the thrill of space exploration and the power of the human imagination in science and technology through a variety of educational planetarium programs. In addition to supporting Navarro College as a multi-faceted audio-visual theater and classroom, the Planetarium continues to serve as an important educational resource and magnet for the 31 surrounding K-12 independent school districts, serving thousands of students annually. The Planetarium also presents public programs on a weekly basis, and multiple Physics, Drama and other classes are conducted there. Recently the Navarro College Foundation raised over \$25,000 in funds to install an updated sound system in the Planetarium and is currently working to raise funds for a new projection system.
- Also located in the Cook Education Center is the Pearce Museum, which houses and interprets three collections of national importance, including the Pearce Civil War collection of over 16,000 letters, journals and other first-person accounts of this critical period of our nation's history. The document collection includes letters written by President Lincoln, many generals and other leading historical figures of the period, as well as common soldiers and their family members left behind on the home front. Several collections of Texas family letters cover an extended period of the War. One of the largest collections of Civil War documents in the nation, the Pearce collection is a balanced one, documenting both the Northern and Southern experiences of the war, and has been used by dozens of scholarly writers and researchers. The Museum's Curator of Collections assists with many research requests weekly. The Pearce Civil War collection has been valued at over \$4 million dollars. It is interpreted in a large, multi-media gallery filled with exhibits and artifacts on a variety of aspects of the Civil War experience, immersing the Museum's many public and school tour visitors in a highly sensory way.
- The Pearce Western Art collection is displayed and interpreted in a separate set of galleries which resemble a Southwestern adobe-style home. The collection includes over 275 original oil paintings, bronze sculptures and other original works of art by leading contemporary masters of the Western Art genre. The collection has been cited as one of the great collections of this genre in the country. The Pearce family left an endowment which has enabled the Navarro College Foundation to continue to purchase new works to add to the collection, in keeping with Mr. & Mrs. Pearce's goal of supporting "up and coming artists" and new directions in Western Art. The Western Art Collection was recently re-appraised and is worth over \$5,700,000 (it has tripled in value since the

original purchases). This includes a single masterpiece painting, *Grandfather Speaks*, which is valued at \$1,200,000. The Pearce Museum hosts several special exhibitions a year, including themed selections from the permanent collection, invitational and juried shows by visiting artists, and traveling exhibitions.

- An additional exhibit gallery was added to the Pearce Museum in 2015, *The Hunter-Gatherers of the Blackland Prairie*. This gallery houses interactive displays which interpret and house Navarro College's Robert Reading Collection of over 44,000 catalogued and organized prehistoric Native American artifacts. It tells the story of the ancient people who populated Central Texas thousands of years ago and how they lived their lives. The gallery also houses three mysterious large carved stones, named the Malakoff heads for the nearby quarry where they were discovered in the 1930s. A local woman donated one of these heads to Navarro College and the two others were transferred from the University of Texas in 2015.
- The Pearce Museum also maintains the Navarro College's own Archives of historical materials, photographs and records of the College's 73-year old history. The Museum mounts annual exhibits featuring items from these collections, usually in conjunction with alumni reunions and events. A recent major retrospective of "70 Years of Bulldog Pride" was relocated to a hallway of the Corsicana campus AB Building near the Bookstore.
- The Pearce Museum welcomes visitors from around world for guided tours and special programs Monday-Saturday all year round. These visitors include Navarro College students, staff and faculty, individuals and families, adult groups and organized K-12 school groups who participate in several customized education programs relating to history, art, Texas history, natural history and other topics. The educational programs have been designed by professional educators and align with state TEKS requirements. The education and public programs are made possible by the support of 15 dedicated volunteers, who spend hundreds of hours each year training and presenting tours and programs to a variety of audiences.
- In fall 2017, the Museum launched an outreach Living History program featuring costumed actors portraying Generals Robert E. Lee and Ulysses S. Grant in conversation. This popular program is presented off-site and at the Museum. Curriculum materials for teachers of every grade level have been developed over the past four years and are now available online at no cost. The Pearce Museum education staff also hosts annual professional development workshops for educators from Regions 10, 12, 7 and 11, and conducts presentations at several off-site teacher workshops as well. Six off-site exhibits have also been mounted by Pearce Museum staff recently, at public festivals and Navarro College's Mexia campus. The Museum also hosts many on-site special programs each year, including Civil War living history days and re-enactments, guest lecturers, student scavenger hunts, and temporary and traveling exhibits on various special topics. Increased promotion and social media efforts have resulted in a steady increase in public participation over the past four years, with museum attendance currently exceeding 5,000 visitors a year.
- Museum staff works closely with an increasing number of Navarro College faculty to enhance instruction in a variety of courses, including history, civics, fine art, art appreciation, science, math, English and drama. The Museum has a particularly strong partnership with the Fine Arts department, and houses and co-hosts annual Student and Faculty art shows and programs. The Pearce Museum and its staff also provides support to NC special events such *Dancing for Our Stars* and alumni reunions, as well as campus-wide activities such as orientation and prospective student tours. The Museum continues to serve as an invaluable asset to Navarro College and the Corsicana community.

- The District's cooperative agreement with John Deere continues to attract students from across Texas and neighboring states who wish to pursue a degree in Agriculture Mechanization Technology. The two-year Associate in Applied Science program is facilitated by two full-time faculty and prepares students to work John Deere operations and manage future technological advancements in the farm equipment industry. Thirty-three students are enrolled in the program in the 2019-2020 academic year.
- Fire Science, Emergency Medical Technician, Paramedic, and Police Academy graduates provide a trained protective services workforce to the cities, municipalities, and agencies within the College's service areas, and to the entire State of Texas. The Navarro College Police Academy has maintained a 100 percent pass rate of the Texas Commission on Law Enforcement Basic Peace Officer exam since January 2012. The Navarro College Police Academy currently offers two full time Police Academies, two part-time Police Academies, and a Fire Shift based Police Academy which accommodates full time Fire and EMS personnel seeking a Peace Officer Certification. We currently have a full and part-time class meeting in Corsicana, Texas while the Waxahachie campus supports another part time and shift-based class.
- The Basic Peace Officer Course offered by the Navarro College Police Academy is a 680-hour program designed to prepare students to pass the Peace Officer licensing exam given by Texas Commission on Law Enforcement (TCOLE). The course consists of 33 topics ranging from 4 hours to 68 hours in length are covered during the course. Approximately one-third of the class is devoted to developing physical skills required to become a peace officer. The Police Academy also offers an array of in-service courses to current officers who are state mandated to complete 40 hours of training every two years. The Police Academy offers approximately 50 in-service courses each year.
- The Navarro College Fire Academy certifies students through Texas Commission for Fire Protection (TCFP). 92% of these students qualify to sit for the TCFP Certification exam. The Navarro College EMT Academy students are certified through the National Registry of Medical Technology (NRMT) and have an 84% pass rate. Navarro College Paramedic Academy students are certified through (NRMT) and have a 92% pass rate. Navarro College provides continuing education courses for Police, EMT and Paramedic courses in Corsicana, Red Oak, Ennis, Hutchins, Waxahachie, Cedar Hill, and Wilmer, Texas.
- Workforce education classes are offered in partnership with local businesses and industries to upgrade the skills of incumbent employees and meet new-hire needs. Navarro College been awarded Skills Development Fund Grants to train employees of local businesses with grant funding up to \$496,000. Continuing Education programs include workplace training initiatives, customized corporate training, ed2go career training and certificate allied health programs in: Medication Aide, Certified Medical Assistant, Certified Nursing Aide, Pharmacy Technician, Phlebotomist, and Patient Care Technician.

Navarro College was awarded \$388,436 from the Perkins Basic Grant for the 2019-2020 academic year. Carl Perkins funds are distributed among Career/Technical Education (CTE) programs across all campus locations. The Perkins Basic Grant support Navarro College in educating students who enroll in CTE courses and programs in preparation for high-skill, high-wage, or high-demand occupations.

- Explore CTE is an annual open house event for high school students hosted by the Perkins CTE Success Center staff. Approximately 500 area high school students attended Explore CTE where they are exposed to all the career and technical programs at Navarro College as well as industry partners. This event allowed students to visually see a pathway from college to employment. The 2019 Explore CTE event is set for October 16, 2019.
- The Navarro College Physical Therapist program has been accredited since 2016, with an annual enrollment rate of 24 students. In 2016, the program received the highest number of years for initial accreditation. Since this time, the program has graduated three cohorts, with another cohort completing the program in December of 2018. The fourth cohort began the program in January of 2019. The program boasts a 100% passing rate for both the licensure board exams and employment rate within 6 months of completion since its inception.
- The Associate Degree Nursing (ADN) Program participated in an on-site visit February 7-9, 2017 from the Accreditation Commission for Education in Nursing (ACEN) as a part of its reaccreditation process. The Board of Commissioners granted continuing accreditation to the program. The next evaluation visit will be scheduled for Spring 2025.
- The Medial Lab Technology (MLT) Program participated in an on-site visit in February 2019 from the National Accrediting Agency for Clinical Laboratory Sciences (NAACL) as a part of its reaccreditation process. The Board of Directors granted continuing accreditation to the program for ten (10) years. The next evaluation visit will be scheduled for Spring 2029.

## **RELEVANT FINANCIAL POLICIES**

The Department of Business Services is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

Each year, during the month of July, administrators and the Board of Trustees participate in a budget workshop. It is at this workshop that annual and long-term capital budgets and future construction projects are reviewed and funding sources are identified. This workshop is also used to review revenue and expenditure projections and compare them to enrollment forecasts. Also included are the annual review of outstanding bond issues, their call dates, and possible refunding advantages and disadvantages.

As a recipient of federal, state, and local financial awards, the District also is responsible for providing an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic review and evaluation by management, internal audit, and the independent auditors of Navarro College District. As a part of the District's single audit, limited tests are conducted to determine the adequacy of the internal control structure, including the portion related to federal and state financial award programs and to determine if the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended August 31, 2019, provided no instances of material weakness in the internal control structure.

In addition, the Business Services staff maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Navarro College Board of Trustees. Activities of all funds are included in the annual appropriated

budget. The District also maintains an encumbrance accounting system as a technique of accomplishing budgetary control. Encumbered amounts lapse at fiscal year-end; however, encumbrances are generally re-appropriated as part of the subsequent year's budget.

State statutes require an annual audit by independent certified public accountants. In FY 2019, the College solicited a Request for Qualifications (RFQ) and after a thorough review of respondents, selected and engaged Whitley Penn, LLP as its independent audit firm for an initial three-year period.

## **MAJOR INITIATIVES**

### Academic Program Enhancements:

The District has been recognized as a leader in higher education. The identification and development of new strategies continue to enhance the academic program offerings as evidenced by the following:

Navarro College continues its partnership with Texas A&M University at Commerce. The partnership has produced 2,645 graduates, with 1,808 Bachelor of Science in Interdisciplinary Studies, 330 Bachelor in Applied Arts and Sciences (BAAS), 146 Bachelor of Science in Criminal Justice, 52 Bachelor of Business Administration (BBA), 19 Bachelor of Science in Instructional Training and Design (TDEV), 19 Bachelor of Science in Liberal Studies (BSLS), 137 Bachelor of General Studies (BGS), 3 in Bachelor of Science in Environmental Science, 15 in Bachelor of Science in Learning & Technology, 2 in Bachelor of Science in Global E-Learning, and 124 Master's degrees conferred through Summer 2019.

- Navarro College has partnered with the Waxahachie Independent School District (WISD) since 2007 to offer an Early College High School called Waxahachie Global High (WGH). WGH is also a T-STEM academy, which has won multiple recognitions from the state. A total of 353 students are currently registered with Navarro College through this program for at least one dual credit course, and in spring 2019. Ninety-eight (98) students graduated with their Associate Degree in May 2019. The District offers dual credit courses at most of high schools in Ellis, Navarro, Limestone, Freestone, and Leon counties. In the fall of 2018, thirty-four (34) high schools offered dual credit courses, with approximately 3,200 students participating district-wide.
- Fourteen high schools within the Navarro College District offer dual credit academies/cohorts including; Avalon HS, Blooming Grove HS, Corsicana HS, Ennis HS, Frost HS, Italy HS, Waxahachie Life School, Maypearl HS, Midlothian Heritage HS, Midlothian HS, Milford HS, Palmer HS, Red Oak HS, and Waxahachie High School. These programs accept cohorts of ninth grade students who follow an established degree plan to complete the Associate Degree while in high school. Most cohorts consist of approximately 25 students, with smaller schools averaging approximately 10 students and larger schools averaging approximately 50.
- The Online Instruction program remains a vital part of the College's overall enrollment management strategy, generating nearly one-third of Navarro College's contact hour production. In fall 2018, the Office of Online Instruction established the IDEA Center (IDEA stands for Innovation, Development, Engagement, and Access) to function as a teaching and learning lab for faculty and staff. The focus of the IDEA Center is on instructional design, technology integration, online course quality, professional development, student engagement strategies, and accessibility in online/hybrid courses. In summer 2019, Professor of Spanish Catherine Kraft agreed to join the Online Instruction Department as an Instructional Design Consultant. Professor Kraft's role is to support faculty in developing instructional strategies, course materials, assessment techniques, appropriate integration of instructional technologies, and best practices. She will also work collaboratively with other faculty members to promote and provide training/coaching in the design, development, implementation, and evaluation of face-to-face, online, and hybrid delivery

methodologies. Several workshops have been scheduled for the 2019-2020 Academic Year which will focus on quality assurance in online and hybrid courses. In fall 2019, Navarro College added several new tools to the Canvas Learning Management System which will improve the integrity of the Online Instruction Program as well as enhance student engagement. UniCheck is a plagiarism detection tool which compares student submissions against Internet resources, UniCheck's database, and Navarro College's institutional database. UniCheck produces a similarity report which provides faculty with a percentage of suspected plagiarism and suspected sources. Respondus LockDown Browser and Monitor is a tool which deters student cheating during online exams. LockDown Browser is a web browser which prevents students from being able to visit other websites, open computer applications, print, or copy/paste during a proctored examination. Respondus Monitor is an add-on feature for LockDown Browser that enables students to use a webcam to record themselves when opting to test at home. Respondus Monitor uses facial recognition technology to 'watch' the student during an examination, and flags any suspicious activity. EdPuzzle is tool integrated into the Canvas Learning Management System which allows faculty to create or upload video from a variety of sources and then insert questions, audio or video comments, or links at various points throughout the video. Faculty can opt to not allow students to 'fast-forward' or 'scrub through' through the lesson, and EdPuzzle tracks student performance and progress. These much-needed additions and recourses reinforce Navarro College's commitment to innovation.

- The Navarro College Band has grown from 25 students to 117 members over the past three years under the direction of band directors Joshua Buckrucker and Timothy Nutting, with plans to increase the band by a margin of 10% every year. As a result of Mr. Buckrucker and Mr. Nutting's recruiting, the band currently has representation from over 49 high schools and there are 45 declared majors in the Music Program.
- The Navarro College Welding Lab at Fairfield prepares the local population, as well as dual credit students, to earn welding certificates. Since the inception of the welding lab, the Fairfield Economic Development Corporation (FEDC) has provided scholarships for tuition assistance up to fifty percent each semester to students in qualifying programs.
- The Midlothian Higher Education Center, located on the District's Midlothian campus, continues a partnership with Tarleton State University to offer eight bachelor degrees in the following areas: Agribusiness, Business Administration, General Business, Psychology, Criminal Justice Administration, Manufacturing and Industrial Management
- Providing good customer service and quality resources contribute to a positive environment for students and enhances the academic programs. Efforts in this regard include:

Providing wireless internet service on all campuses, with the necessary firewall infrastructure to protect the integrity of the data.

Continuing to upgrade safety measures, including placing defibrillators on all campuses; adding wireless internet-based security cameras in the dining hall, library, Special Event Center (SEC), residence life areas, and the Midlothian campus; and adding panic buttons in each of our college stores and the cashiering office on each campus. Tabletop exercises on weather related emergencies were held on the Corsicana campus with representatives from other campuses in attendance. Emergency lockdown, evacuation, and shelter drills were held at campus locations to prepare the campus community in proper response during an emergency.

### Athletic Program Achievements:

Navarro College offers a large and competitive intercollegiate athletic program that includes basketball, baseball, soccer, softball, football, cheerleading and volleyball.

- The basketball team finished the 2018-19 year with a record of 25-8 and were a Region XIV Conference Champions and were the Region XIV Tournament finalists. Five student-athletes transferred to NCAA Division I basketball programs.
- The baseball team had a record of 41-18 for the 2019 season. They were Conference and Region XIV Zone Tournament Champions and finished 3<sup>rd</sup> in the JUCO World Series. Eight student-athletes were named to the All-Conference team (three All-Region Selections, and two All American. Fifteen players transferred to play at four-year institutions.
- The soccer team finished 15-2-2 and were runners up in the Region XIV District Championship. They qualified for the NJCAA National Tournament and finished #5 ranked in the country in the final NJCAA poll. Three student-athletes were named All-Region and four were honorable mention with one player earning All-American Region Honors, and one player earning NJCAA All-American honors. Six players earned Academic All Region while five earned Academic All-American recognition. Ten players graduated and six transferred to 4-year universities. The team GPA of 3.35 earned them NJCAA Academic Team honors.
- The softball team finished 24-27 for the 2019 season. Six athletes earned All-Conference Honors, three athletes earned All-Region Honors, two athletes earned All-Midwest Region Honors, one athlete earned second Team All-American Honors, and three athletes earned All-Academic Team. Of seven Sophomores, four athletes transferred to university programs and all seven sophomores graduated from Navarro and went to universities.
- The football team finished with a 6-5 record for the 2018 season. Navarro lost in the SWSFC semifinals but received an invitation to play in the Salt City Bowl in Kansas. The 2018 team sent thirteen players to the Division I level and thirteen others to a four-year university. Three players were named NJCAA All-American. One player was named Conference Offensive Player of the Year.
- The cheerleaders finished first in 2019 NCA National Championship. They have brought home an NCA National Championship in 14 of the last 20 years and have won five Grand National Championships. Eleven cheerleaders went on to university programs.
- The volleyball team finished the 2018 season with a 38-7 record. They finished the Regular Season NJCAA Poll #3 in the Nation. Three student athletes were named First Team All-Region. Two student-athletes were named to the second Team All-Region team. One student athlete was named Conference Libero of the Year. One student athlete was named to the NJCAA 2nd Team All-American, and one student athlete was named to the AVCA 3rdTeam All-American. Four players transferred to a university program.
- Academics are stressed by the Navarro College administration and coaching staff. Success is evidenced by having 29 athletes earn Academic All-American recognition by the NJCAA and 36 athletes named to the 2018-2019 Region XIV All-Academic Team. The Soccer (3.35), Volleyball (3.18) and Softball (3.09) teams earned recognition as NJCAA Academic Teams of the Year. Each athletic team was also heavily involved in other areas as our student athletes volunteered with over 2400 hours of community service projects in 2018-19.

## Construction and Facilities Improvements Projects

In 2018-19 several improvements were completed on the four College Campuses. These included the following:

- Remodeled, and updated 7 classrooms (A203, A204, 205, 206, 231, and 229) on the second floor of the Albritton Building. The work included repainting all walls, replacing ceiling tiles, worn carpet areas, installed new windowsills, replaced and added additional new whiteboards, installed new projectors, screens, instructor lecterns, and new audio equipment. All work was performed internally by Navarro College Facilities employees.
- Replaced 32 vanities, countertops, and faucets in 8 college apartments in Building 10 and 11.
- Replaced tubs and surrounds in college apartment Building 16, 157B
- Installed new 100 gallon water heaters in apartment Buildings 32 (Eady Hall)
- Replaced tubs and surrounds in college apartment Building 6-228B, Building 7, 122B, and Building 8, 130B and 129A
- Replaced new carpet in 8 upstairs apartments and repainted 16 college apartments in Burkhardt and Carmody (buildings 6 and 7).
- Repaired walls in Building 32 Room 207 Eady Hall
- Replaced 64 windows in college apartments Gillen and Daniels (buildings 10 and 11)
- Replaced Air Conditioning Compressor in Drane Hall, Pearce Museum, and Dawson Auditorium
- Relocated computer technician lab and work center from Gibson Hall to Bain Center and created new work area
- Remodeled office suit and work area in Gibson Hall vacated by Computer Science technicians and created space for Bulldog Health Care Center to open Fall 2019
- Constructed and installed modern and attractive One-Stop Help Desk in Gooch Center and replaced first floor carpet.
- Installed new water line to Admin Building
- Repaired and restriped parking lot behind Drane Hall
- Installed eight new Air Conditioning systems in Boyd Hall
- Replaced damaged sidewalks at Waller and Gooch One Stop
- Installed 4" conduits for new soft drink dispensers at Waller Dining Hall
- Retro fit lighting to LED in Walker Dining Facilities
- Repaired damage roof on Burson Hall, Building 9, Building 16 & Softball press box
- Replaced copper cap on short gable of Building 19
- Installed new Flag Poles in front of Mexia Administration Building
- Installed blue phones at Mexia
- Power washed and repainted trim on classroom buildings at South Campus
- Completed major repair to Waxahachie parking lot

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Navarro College for its comprehensive annual financial report for the fiscal year ended August 31, 2018. This was the seventeenth consecutive year (2001 through 2018) that the College has achieved this prestigious award. To be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a one-year period only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting the report to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Business Services staff, particularly Interim Comptroller, Kathleen Armstrong, CPA, Director of Business Services and Cashiers Office, Jan Phillips, Director of Budget and Procurement, Janet Daugherty, Director of Payroll and Accounts Payable, Kathy Kistler, Director of Financial Aid, Kristal Nicholson, and Grant and Staff Accountants, Jeanette Sparks and Brianna Espinoza. In addition, various members of the President's Leadership team provided information for inclusion in the transmittal letter, that benefit the overall comprehensiveness of the report. Appreciation is also expressed to the accounting firm of Whitley Penn, LLP for their assistance in the timely completion of the audit. Due credit should also be given to the Board of Trustees and the District President, Dr. Kevin G. Fegan for their interest in planning and conducting the operations of the District in a professional manner.

Respectfully submitted,

A handwritten signature in blue ink that reads "Teresa Thomas". The signature is written in a cursive style.

Teresa Thomas, CPA, RTSBA  
Vice President for Finance and Administration

# NAVARRO COLLEGE DISTRICT Organization Chart

## DISTRICT ADMINISTRATION



NAVARRO COLLEGE DISTRICT  
Organization Chart

FINANCE AND ADMINISTRATION



**Navarro College District**  
**Principal Officials**  
**Year Ended August 31, 2019**

**Board of Trustees**

Officers

Phil Judson	Chairman
Billy Todd McGraw	Vice-Chairman
Richard L. Aldama	Secretary/Treasurer

Members	Term Expires
Richard L. Aldama	Corsicana, Texas 2021
A. L. Atkeisson	Kerens, Texas 2021
Faith D. Holt	Corsicana, Texas 2025
Phil Judson	Corsicana, Texas 2023
Billy Todd McGraw	Blooming Grove, Texas 2025
Loran Seely	Corsicana, Texas 2025
Kim C. Wyatt	Corsicana, Texas 2023

**Executive Officers**

Kevin G. Fegan, Ed.D.	District President
Carol Hanes, Ed.D.	Vice President, Academic Affairs
Teresa Thomas, CPA	Vice President, Finance and Administration
Sina Ruiz	Vice President, Enrollment Management and Institutional Effectiveness
Maryann Hailey	Vice President, Student Services
Marcy Ballew	Vice President, Human Resources
Harold Housley, Ph.D.	Vice President, Institutional Advancement and Operations
Michael Landers	Director of Athletics

**Business Officers**

Teresa Thomas, CPA	Vice President, Finance and Administration
Kathleen Armstrong, CPA	Interim Comptroller

**Navarro College District**

**Board of Trustees**



Sitting: Kim C. Wyatt, Phil Judson, Dr. Kevin G. Fegan  
Standing: Richard L. Aldama, Loran Seely, Faith D. Holt, Billy Todd McGraw, A.L. Atkeisson

**District President**



Kevin G. Fegan, Ed.D.



Government Finance Officers Association

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

Presented to

**Navarro College  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2018**

*Christopher P. Morrill*

Executive Director/CEO

## **Financial Section**



## REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees  
Navarro College District  
Corsicana, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Navarro College District (the "District") as of and for the years ended August 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the discretely presented component unit financial statements of Navarro College Foundation, Inc. (the "Foundation") as of and for the years ended August 31, 2019 and 2018. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

## **Opinion**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Navarro College District as of August 31, 2019 and 2018, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 15 and pension and other post-employment benefit information on pages 64 through 70 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 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 the 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 the District's basic financial statements. The Supplemental Schedules A through D as required by the Texas Higher Education Coordinating Board's (THECB) *Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Schedule of Expenditures of State Awards as required by the State of Texas Single Audit Circular contained in the Governor's Office of Budget and Planning *Uniform Grant Management Standards*, and other information such as the introductory and statistical sections are also presented for additional analysis and are not a required part of the basic financial statements.

The Supplemental Schedules A through D, the schedule of expenditures of federal awards, and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

Supplemental Schedules A through D, schedule of expenditures of federal awards, and the schedule of expenditures of state awards 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 December 12, 2019 on our consideration of the District's internal control over financial reporting and on our tests on its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Whitley Penn LLP*

Houston, Texas  
December 12, 2019



# NAVARRO COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Navarro College District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v to xviii of this report.

### *Financial Highlights*

- The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$27,525,310 (net position). Of this amount, (\$15,703,625) is unrestricted net position. This deficit is caused by the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions* ("GASB No. 75") and reflects the District's proportionate share of the other post-employment benefit (OPEB) liability in the District's financial statements. This implementation does not affect the financial stability of the District or how the District conducts its financial decision-making. Rather, the District is reflecting its portion of the liability that the State of Texas manages and operates.
- The District's net pension liability totaled \$11,613,681, an increase of \$4,904,724 in comparison to the prior year. This amount represents the District's portion of the Teacher Retirement System's ("TRS") net pension liability.
- The District's net OPEB liability totaled \$26,202,062, an increase of \$9,304,727 in comparison to the prior year. This amount represents the District's portion of the Employee Retirement System's ("ERS") net OPEB liability.
- The District's total bonded debt decreased by \$1,606,316 during the current fiscal year.
- Total net position of the District reflected a decrease of (\$1,341,189) to a total of \$27,525,310 at August 31, 2019.

### *Overview of the Financial Statements and Financial Analysis*

The District is proud to present its financial statements for the fiscal years ended August 31, 2019 and 2018. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. As demonstrated by the statements and schedules included in the financial section of this report, the District continues meeting its responsibility for sound financial management.

### *Statements of Net Position*

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District as of the end of the fiscal year. The Statement of Net Position is a point-of-time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the District. The Statement of Net Position presents end-of-year data concerning Assets (current and non-current), Deferred Outflows of Resources, Liabilities (current and non-current), Deferred Inflows of Resources, and Net Position. The difference between current and non-current assets will be discussed in the footnotes to the financial statements. The District has elected to follow the recommendation of the Texas Higher Education Coordinating Board to present the Statement of Net Position in the balance sheet format. From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the institution. They also are able to determine how much the District owes vendors and lending institutions.

**NAVARRO COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Statements of Net Position**

	August 31,			Amount of Change 2018 to 2019	Percentage of Change 2018 to 2019
	2019	2018	2017 *		
<b>Assets</b>					
Current assets	\$ 34,614,208	\$ 37,528,636	\$ 37,879,157	\$ (2,914,428)	(7.77%)
Capital assets	61,630,207	61,781,798	62,838,348	(151,591)	(0.25%)
<b>Total assets</b>	<b>\$ 96,244,415</b>	<b>\$ 99,310,434</b>	<b>\$ 100,717,505</b>	<b>\$ (3,066,019)</b>	<b>(3.09%)</b>
<b>Total deferred outflows of resources</b>					
	\$ 19,256,201	\$ 2,303,062	\$ 3,940,616	\$ 16,953,139	736.11%
Current liabilities	\$ 17,199,334	\$ 20,463,587	\$ 21,162,072	\$ (3,264,253)	(15.95%)
Noncurrent liabilities	59,332,098	46,661,735	53,302,597	12,670,363	27.15%
<b>Total liabilities</b>	<b>\$ 76,531,432</b>	<b>\$ 67,125,322</b>	<b>\$ 74,464,669</b>	<b>\$ 9,406,110</b>	<b>14.01%</b>
<b>Total deferred inflows of resources</b>					
	\$ 11,443,874	\$ 5,621,675	\$ 2,226,093	\$ 5,822,199	103.57%
<b>Net position</b>					
Net investment in capital assets	\$ 40,746,545	\$ 40,339,844	\$ 39,660,444	\$ 406,701	1.01%
Restricted - expendable	2,482,390	2,373,273	2,132,341	109,117	4.60%
Unrestricted	(15,703,625)	(13,846,618)	(13,825,426)	(1,857,007)	13.41%
<b>Total net position</b>	<b>\$ 27,525,310</b>	<b>\$ 28,866,499</b>	<b>\$ 27,967,359</b>	<b>\$ (1,341,189)</b>	<b>(4.65%)</b>

\* Restated for GASB Statement No. 75

Net position is divided into three major categories. The first category, net investment in capital assets, provides the District's equity in property, plant, and equipment owned by the District. The next net position category is restricted net position, which is divided into two categories, nonexpendable and expendable. Nonexpendable restricted net position are funds required to be retained in perpetuity. Expendable restricted net position is available for expenditure by the District but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is available to the District for any lawful purpose of the District. None of the net position is restricted by enabling legislation.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

# NAVARRO COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Financial Analysis from 2018 to 2019

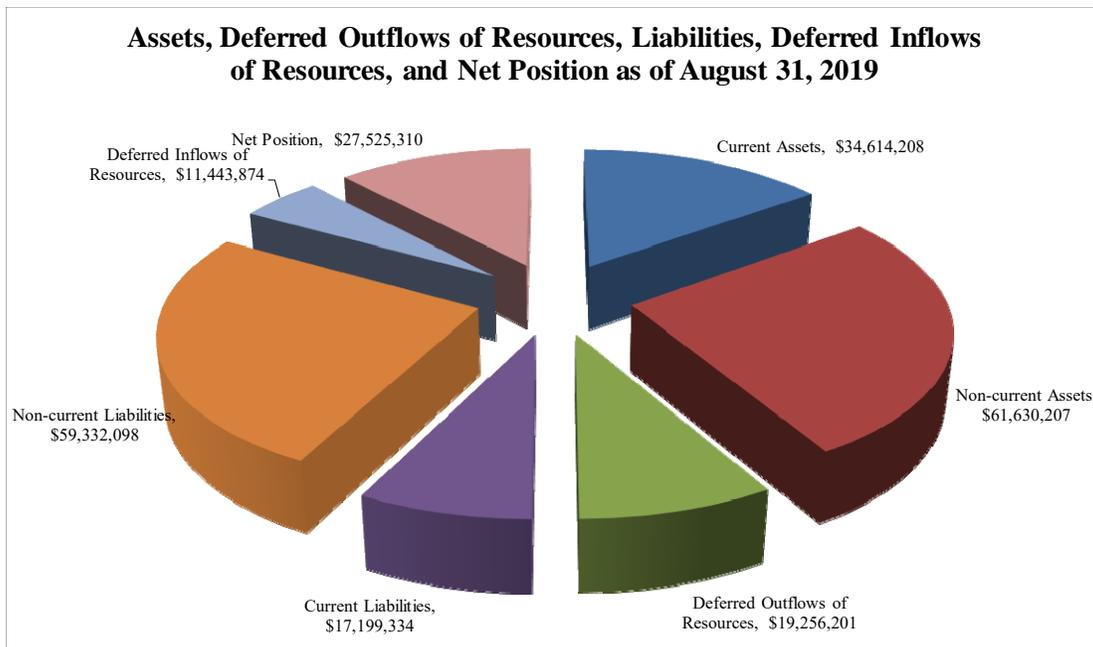
Current assets decreased to \$34,614,208 from \$37,528,636 , for a decrease of \$(2,914,428) or (7.77%). Decreases were noted in cash and cash equivalents of \$(2,357,836), accounts receivable of (\$1,155,269), and inventories of (\$967,565). These decreases are partially offset by an increase of \$1,566,242 in prepaid expenses.

Capital assets show a decrease of (\$151,591) or (0.25%) after depreciation. This decrease in capital assets is a result of the District's annual increase of accumulated depreciation of (\$2,415,665) being more than capital assets additions for the year.

Total liabilities increased to \$76,531,432 from \$67,125,322 , for an increase of \$9,406,110 or 14.01% . Increases were noted in funds held for others of \$94,402; \$929,979 in capital leases; \$4,904,724 in net pension liability; and \$9,304,727 in net OPEB liability. The increases are offset by decreases of (\$155,756) in accounts payable; (\$4,998) in accrued liabilities; (\$3,782,769) in unearned revenue; (\$199,560) in compensated absences; and (\$3,322) in claims and judgements. The decreases in loans of (\$75,000) and bonds payable of (\$1,606,317) are due to scheduled debt service payments and amortization of bond premiums.

Deferred outflows of resources increased by \$16,953,139 or 736.11% and deferred inflows of resources increased \$5,822,199 or 50.88% as a result of GASB 68 and GASB 75 adjustments related to pension and OPEB activity.

In summary, the total net position of the District reflected a decrease of (\$1,341,189) to a total of \$27,525,310 at August 31, 2019. This change can be attributed to an increase of \$406,701 in net investment in capital assets and an increase in expendable restricted net position of \$109,117 offset by a decrease of (\$1,857,007) in unrestricted net position.



# NAVARRO COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Financial Analysis from 2017 to 2018

Current assets decreased to \$37,528,636 from \$37,879,157, for a decrease of (\$350,521) or (0.93%). Decreases were noted in cash and cash equivalents of (\$3,768,557). The decreases in cash and cash equivalents are offset by increases of \$3,065,435 in accounts receivable, \$157,683 in prepaid expenses, and \$194,918 in inventories.

Capital assets show a decrease of (\$1,056,550) or (1.68%) after depreciation. This decrease in capital assets is a result of the District's annual increase of accumulated depreciation of (\$2,059,674) being more than capital assets additions for the year of \$1,004,811.

Total liabilities decreased to \$67,125,322 from \$74,464,669, for a decrease of (\$7,339,347) or (9.86%). Increases were noted in accounts payable of \$193,997; \$9,555 in claims and judgments; \$112,161 in compensated absences; \$48,502 in funds held for others. The increases are offset by decreases of (\$12,396) in accrued liabilities; (\$1,400,832) in net pension liability; and (\$3,291,388) in net OPEB liability. The decreases in loans of (\$75,000), capital leases of (\$205,000) and bonds payable of (\$1,561,316) are due to scheduled debt service payments and amortization of bond premiums.

Deferred outflows of resources decreased by (\$1,637,554) or (41.56%) and deferred inflows of resources increased \$3,395,582 or 60.40% as a result of GASB 68 and GASB 75 adjustments related to pension and OPEB activity.

In summary, the total net position of the District reflected an increase of \$899,140 to a total of \$28,866,499 at August 31, 2018. This change can be attributed to an increase of \$679,400 in net investment in capital assets and an increase in expendable restricted net position of \$240,932 offset by a decrease of (\$21,192) in unrestricted net position.

### ***Statements of Revenues, Expenses, and Changes in Net Position***

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The statement includes five sections: operating revenues, non-operating revenues, operating expenses, non-operating expenses, and other revenues (expenses) and gains (losses). The purpose of the statement is to present the revenues received by the District, operating and non-operating, and any other revenues, expenses, gains, and losses received or spent by the District.

Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the District. Non-operating revenues are revenues received for which goods and services are not provided.

**NAVARRO COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Statements of Revenues, Expenses, and Changes in Net Position**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>Amount of Change 2018 to 2019</u>	<u>Percentage Change 2018 to 2019</u>
<b>Operating revenues</b>					
Tuition and fees	\$ 14,804,719	\$ 15,201,312	\$ 16,982,906	\$ (396,593)	(2.61%)
Sales and services	6,241,698	6,625,968	7,517,038	(384,270)	(5.80%)
Other operating revenues	170,263	267,904	217,531	(97,641)	(36.45%)
Total operating revenues	<u>21,216,680</u>	<u>22,095,184</u>	<u>24,717,475</u>	<u>(878,504)</u>	<u>(3.98%)</u>
<b>Nonoperating revenues</b>					
State appropriations	16,641,393	17,091,034	17,690,587	(449,641)	(2.63%)
Maintenance ad valorem property taxes	4,225,699	3,980,582	3,645,253	245,117	6.16%
Grants and contracts	16,917,751	17,766,326	16,758,002	(848,575)	(4.78%)
Gifts	1,041,306	926,182	903,810	115,124	12.43%
Investment income	153,046	123,628	102,303	29,418	23.80%
Other non-operating revenues	432,662	77,119	157,019	355,543	461.03%
Total nonoperating revenues	<u>39,411,857</u>	<u>39,964,871</u>	<u>39,256,974</u>	<u>(553,014)</u>	<u>(1.38%)</u>
Total revenues	<u>60,628,537</u>	<u>62,060,055</u>	<u>63,974,449</u>	<u>(1,431,518)</u>	<u>(2.31%)</u>
<b>Operating expenses</b>					
Instruction	20,462,044	19,801,849	19,545,759	660,195	3.33%
Public service	346,517	351,097	331,537	(4,580)	(1.30%)
Academic support	3,198,198	3,321,324	3,123,899	(123,126)	(3.71%)
Student services	4,900,914	4,752,342	4,540,335	148,572	3.13%
Institutional support	7,324,796	7,388,738	7,899,625	(63,942)	(0.87%)
Operation and maintenance of plant	4,108,475	4,189,188	4,013,560	(80,713)	(1.93%)
Scholarships and fellowships	7,874,880	8,330,076	9,879,276	(455,196)	(5.46%)
Auxiliary enterprises	10,542,824	10,132,772	8,904,115	410,052	4.05%
Depreciation expense	2,415,665	2,059,675	2,081,025	355,990	17.28%
Total operating expenses	<u>61,174,313</u>	<u>60,327,061</u>	<u>60,319,131</u>	<u>847,252</u>	<u>1.40%</u>
<b>Nonoperating expenses</b>					
Interest on capital related debt	795,413	833,854	924,665	(38,441)	(4.61%)
Total nonoperating expenses	<u>795,413</u>	<u>833,854</u>	<u>924,665</u>	<u>(38,441)</u>	<u>(4.61%)</u>
Total expenses	<u>61,969,726</u>	<u>61,160,915</u>	<u>61,243,796</u>	<u>808,811</u>	<u>1.32%</u>
Change in net position	(1,341,189)	899,140	2,730,653	(2,240,329)	(249.16%)
Beginning net position	28,866,499	27,967,359	44,960,842	899,140	3.21%
Prior period adjustment, GASB 75	-	-	(19,724,136)	-	(100.00%)
Ending net position	<u>\$ 27,525,310</u>	<u>\$ 28,866,499</u>	<u>\$ 27,967,359</u>	<u>\$ (1,341,189)</u>	<u>(4.65%)</u>

## NAVARRO COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

#### Financial Analysis from 2018 to 2019

The Statement of Revenues, Expenses, and Changes in Net Position reflects a decrease in net position of (\$1,341,189). Operating revenues decreased (\$878,504) or (3.98%).

Non-operating revenues decreased by (\$553,014) or (1.38%). State appropriations reported a decrease of (\$449,641) or (2.63%). Grants and contracts decreased by (\$848,575). These decreases are offset by increases of \$245,117 in ad valorem taxes, \$115,124 in gifts, \$29,418 in investment income, and \$355,543 in other non-operating revenues.

Overall operating expenses increased by \$847,252 or 1.40%. This increase is due to changes in the following categories: \$660,195 in instruction; \$148,572 in student services; \$410,052 in auxiliary enterprises; and \$355,990 in depreciation. These increases are offset by the following decreases: public service (\$4,580), academic support (\$123,126), institutional support of (\$63,942) operation and maintenance of plant (\$80,713), and scholarships and fellowships (\$455,196).

Non-operating expenses of interest on capital related debt decreased by (\$38,441) or (4.61%) due to regular payment of principal and interest.

In summary, operational activities provided the District with a decrease of (\$1,341,189) which decreased net position to a total of \$27,525,310 at August 31, 2019.

#### Financial Analysis from 2017 to 2018

The Statement of Revenues, Expenses, and Changes in Net Position reflects a positive year, with a change of \$899,140 in net position at year-end. Operating revenues decreased (\$2,622,291) or (10.61%).

Non-operating revenues increased by \$707,897 or 3.28%. State appropriations reported a decrease of (\$599,553). Other non-operating revenues decreased by (\$79,900). These decreases are offset by increases of \$1,008,324 in grants and contracts, \$335,329 in ad valorem taxes, \$21,325 in investment income, and \$22,372 in gifts.

Overall operating expenses increased by \$7,930 or 0.01%. This increase is due to changes in the following categories: \$256,090 in instruction; \$19,560 in public service; \$197,425 in academic support; \$212,007 in student services; \$175,628 in operation and maintenance of plant; and \$1,228,657 in auxiliary enterprises. These increases are offset by the following decreases: institutional support (\$510,887); scholarships and fellowships (\$1,549,200); and depreciation (\$21,350).

Non-operating expenses of interest on capital related debt decreased by (\$90,811) or (9.82%) due to regular payment of principal and interest.

In summary, operational activities provided the District with an increase of \$899,140 which increased net position to a total of \$28,866,499 at August 31, 2018.

**NAVARRO COLLEGE DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

*Statements of Cash Flows*

The final statement presented by the District is the Statement of Cash Flows. GASB Nos. 34 and 35 added this additional statement to the annual financial report. The Statement of Cash Flows presents detailed information about the cash activity of the District during the year. The first section of the Statement of Cash Flows reflects operating cash flows and shows the net cash used by the operating activities of the District. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and noncapital financing purposes. The third section reflects cash flows from capital and related financing activities. This section captures the cash used to purchase capital assets and make debt payments, as well as receipt of bond proceeds. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities.

**Navarro College District  
Statements of Cash Flows**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<b>Amount of Change 2018 to 2019</b>	<b>Percentage of Change 2018 to 2019</b>
Cash provided by (used for):					
Operating activities	\$(34,530,610)	\$(35,423,866)	\$(31,368,823)	\$ 893,256	(2.52%)
Noncapital financing activities	35,647,146	35,086,023	35,776,958	561,123	1.60%
Capital and related financing activities	(3,627,902)	(3,539,208)	(4,407,962)	(88,694)	2.51%
Investing activities	<u>153,530</u>	<u>108,494</u>	<u>88,638</u>	<u>45,036</u>	41.51%
Net change in cash	(2,357,836)	(3,768,557)	88,811	1,410,721	(37.43%)
Cash, beginning of year	<u>19,484,693</u>	<u>23,253,250</u>	<u>23,164,439</u>	<u>(3,768,557)</u>	(16.21%)
Cash, end of year	<u>\$ 17,126,857</u>	<u>\$ 19,484,693</u>	<u>\$ 23,253,250</u>	<u>\$(2,357,836)</u>	(12.10%)

# NAVARRO COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Financial Analysis from 2018 to 2019

An analysis of cash flows shows an overall decrease of (\$2,357,836) or (12.10%) for 2019. The District ended fiscal year 2019 with \$17,126,857 in cash, compared to \$19,484,693 at the end of fiscal year 2018.

### Financial Analysis from 2017 to 2018

An analysis of cash flows shows an overall decrease of (\$3,768,557) or (16.21%) for 2018. The District ended fiscal year 2018 with \$19,484,693 in cash, compared to \$23,253,250 at the end of fiscal year 2017.

### ***Debt Administration, Capital Assets, Cash, & Risk Management***

#### Debt Administration

As of August 31, 2019, the District had \$16,895,796 of revenue bonds outstanding, including \$16,310,000 in principal and \$585,796 in unamortized bond issuance premiums.

As of August 31, 2019, the forgivable loan balance from the Midlothian Economic Development Center (MEDC) was \$900,000.

For additional information concerning Debt Administration, see Notes 7 and 8 in the notes to the financial statements.

#### Capital Assets

For additional information concerning Capital Assets, see Note 6 in the notes to the financial statements.

#### Risk Management

The Campus Safety and Preparation Committee met during fiscal year 2019. The following is a list of actions taken by the Committee during fiscal year 2019:

- Updated the Navarro College Emergency Operations Plan.
- Provided online risk management training for student organizations and their sponsors.
- Provided campus safety education online and in person on a variety of safety topics, including sexual assault prevention.
- Updated Building Coordinator list and provided training to building coordinators regarding the Standard Response Protocol followed by Navarro College.
- Conducted evacuation, shelter, and lockdown/lockout drills on all campuses for day and evening classes.
- Provided the "I Love You Guys" Foundation's Standard Response Protocol (SRP) video available on college website for faculty, staff, and students.
- Conducted safety audits of selected buildings on the Corsicana Campus in conjunction with Texas Association of School Boards Risk Management personnel.
- Staff participated in Risk Management webinars related to safety.

## NAVARRO COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

#### *Economic Outlook*

The District is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or result of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of businesses.

#### *Request for Information*

This financial report is designed to provide a general overview of the Navarro College District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Comptroller, Navarro College, 3200 West 7<sup>th</sup> Avenue, Corsicana, Texas 75110.



## **BASIC FINANCIAL STATEMENTS**



# Navarro College District

## Statements of Net Position (Exhibit 1)

August 31, 2019 and 2018

	Primary Government		Component Unit	
	Navarro College District	Navarro College District	Navarro College Foundation,	Navarro College Foundation,
	2019	2018	2019	2018
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 17,126,857	\$ 19,484,693	\$ 162,577	\$ 2,949
Restricted cash and cash equivalents	-	-	52,138	55,600
Accounts receivable, net	12,183,438	13,338,707	3,652	30,327
Prepaid expenses	2,178,073	611,831	3,719	3,719
Investments	-	-	275,992	277,737
Inventories	3,125,840	4,093,405	-	-
Total current assets	34,614,208	37,528,636	498,078	370,332
<b>Noncurrent assets:</b>				
Long-term investments	-	-	4,310,001	4,455,927
Capital assets, net	61,630,207	61,781,798	8,561,917	8,539,817
Total noncurrent assets	61,630,207	61,781,798	12,871,918	12,995,744
Total assets	96,244,415	99,310,434	13,369,996	13,366,076
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	697,111	774,198	-	-
Deferred outflows related to pensions	4,952,035	1,034,168	-	-
Deferred outflows related to OPEB	13,607,055	494,696	-	-
Total deferred outflows of resources	19,256,201	2,303,062	-	-
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	1,447,268	1,603,024	102,639	-
Accrued liabilities	190,578	195,576	-	-
Funds held for others	683,214	588,812	-	-
Unearned revenue	12,265,003	16,047,772	-	-
Accrued compensated absences - current portion	88,051	176,284	-	-
Accrued claims and judgments - current portion	21,557	16,380	-	-
Capital leases - current portion	523,235	210,000	-	-
Net OPEB liability - current portion	385,428	85,739	-	-
Bonds payable - current portion	1,595,000	1,540,000	-	-
Total current liabilities	17,199,334	20,463,587	102,639	-
<b>Noncurrent liabilities:</b>				
Accrued compensated absences	2,398,606	2,509,933	-	-
Accrued claims and judgments	40,639	49,138	-	-
Loan payable	900,000	975,000	-	-
Capital leases	3,261,744	2,645,000	-	-
Net pension liability	11,613,681	6,708,957	-	-
Net OPEB liability	25,816,634	16,811,596	-	-
Bonds payable	15,300,794	16,962,111	-	-
Total noncurrent liabilities	59,332,098	46,661,735	-	-
Total liabilities	76,531,432	67,125,322	102,639	-
<b>Deferred inflows of resources</b>				
Deferred inflows related to pensions	1,301,997	1,885,593	-	-
Deferred inflows related to OPEB	10,141,877	3,736,082	-	-
Total deferred inflows of resources	11,443,874	5,621,675	-	-
<b>Net position</b>				
Net investment in capital assets	40,746,545	40,339,844	8,561,917	8,539,817
Restricted for:				
Nonexpendable:				
Scholarships and fellowships	-	-	166,600	146,600
Pearce Museum	-	-	1,322,296	1,322,296
Expendable:				
Scholarships and fellowships	2,033,708	1,923,938	2,876,895	3,072,960
Debt service	448,682	449,335	-	-
Unrestricted	(15,703,625)	(13,846,618)	339,649	284,403
Total net position	\$ 27,525,310	\$ 28,866,499	\$ 13,267,357	\$ 13,366,076

See accompanying notes to the financial statements.

## Navarro College District

### Statements of Revenues, Expenses, and Changes in Net Position (Exhibit 2)

#### Years Ended August 31, 2019 and 2018

	Primary Government		Component Unit	
	Navarro College District	Navarro College District	Navarro College Foundation, Inc.	Navarro College Foundation, Inc.
	2019	2018	2019	2018
<b>Operating revenues:</b>				
Tuition and fees (net of scholarship allowances and discounts of \$5,477,548 and \$5,765,993, respectively)	14,804,719	\$ 15,201,312	\$ -	\$ -
Gifts	-	-	599,046	587,486
Sales and services of educational activities	540,312	552,267	-	-
Auxiliary enterprises (net of scholarship allowances and discounts of \$2,465,925 and \$2,471,141, respectively)	5,701,386	6,073,701	-	-
Other operating revenues	170,263	267,904	-	-
Total operating revenues	<u>21,216,680</u>	<u>22,095,184</u>	<u>599,046</u>	<u>587,486</u>
<b>Operating expenses:</b>				
Instruction	20,462,044	19,801,849	-	-
Public service	346,517	351,097	-	-
Academic support	3,198,198	3,321,324	-	-
Student services	4,900,914	4,752,342	-	-
Institutional support	7,324,796	7,388,738	89,535	82,796
Operation and maintenance of plant	4,108,475	4,189,188	-	-
Scholarships and fellowships	7,874,880	8,330,076	533,283	357,135
Auxiliary enterprises	10,542,824	10,132,772	-	-
Depreciation	2,415,665	2,059,675	-	-
Total operating expenses	<u>61,174,313</u>	<u>60,327,061</u>	<u>622,818</u>	<u>439,931</u>
Operating income (loss)	<u>(39,957,633)</u>	<u>(38,231,877)</u>	<u>(23,772)</u>	<u>147,555</u>
<b>Nonoperating revenues (expenses):</b>				
State appropriations	16,641,393	17,091,034	-	-
Ad valorem property taxes for maintenance and operations	4,225,699	3,980,582	-	-
Federal grants and contracts	15,439,330	16,250,333	-	-
State grants and contracts	1,234,927	1,238,978	-	-
Local grants and contracts	243,494	277,015	-	-
Investment income	153,046	123,628	76,735	368,705
Gifts	1,041,306	926,182	-	-
Interest on capital asset-related debt	(795,413)	(833,854)	-	-
Other nonoperating revenues (expenses), net	432,662	77,119	(151,682)	(166,965)
Net nonoperating revenues	<u>38,616,444</u>	<u>39,131,017</u>	<u>(74,947)</u>	<u>201,740</u>
Increase (decrease) in net position	(1,341,189)	899,140	(98,719)	349,295
Net position - beginning of year	<u>28,866,499</u>	<u>27,967,359</u>	<u>13,366,076</u>	<u>13,016,781</u>
Net position - end of year	<u>\$ 27,525,310</u>	<u>\$ 28,866,499</u>	<u>\$ 13,267,357</u>	<u>\$ 13,366,076</u>

See accompanying notes to the financial statements.

**Navarro College District**  
**Statements of Cash Flows**  
**(Exhibit 3)**

**Years Ended August 31, 2019 and 2018**

	Primary Government Navarro College District	
	2019	2018
<b>Cash flows from operating activities</b>		
Receipts from students and other customers	\$ 29,658,761	\$ 29,217,311
Receipts from third-party student loans	11,740,114	11,177,781
Receipts from gifts and others for other than capital purposes	1,041,306	961,985
Other receipts	129,049	279,747
Loans issued to students	(12,853,387)	(13,994,168)
Payments to employees	(29,984,644)	(30,819,537)
Payments to suppliers and students	(34,261,809)	(32,246,985)
Net cash provided by (used in) operating activities	<u>(34,530,610)</u>	<u>(35,423,866)</u>
<b>Cash flows from noncapital financing activities</b>		
Receipts of state appropriations	14,083,862	14,212,580
Receipts from ad valorem property taxes for maintenance and operation	4,203,360	3,966,206
Receipts of grants and contracts	17,359,924	16,907,237
Net cash provided by (used in) noncapital financing activities	<u>35,647,146</u>	<u>35,086,023</u>
<b>Cash flows from capital and related financing activities</b>		
Purchases of capital assets	(1,002,491)	(1,003,728)
Payments on capital debt principal	(1,825,000)	(1,700,000)
Payments on capital debt interest	(800,411)	(835,480)
Net cash provided by (used in) capital and related financing activities	<u>(3,627,902)</u>	<u>(3,539,208)</u>
<b>Cash flows from investing activities</b>		
Receipts from interest on investments	153,530	108,494
Net cash provided by (used in) investing activities	<u>153,530</u>	<u>108,494</u>
Net increase (decrease) in cash and cash equivalents	(2,357,836)	(3,768,557)
Cash and cash equivalents - beginning of year	19,484,693	23,253,250
Cash and cash equivalents - end of year	<u>\$ 17,126,857</u>	<u>\$ 19,484,693</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating income (loss)	\$(39,957,633)	\$(38,231,877)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation expense	2,415,665	2,059,675
On-behalf payments	2,459,041	2,878,454
Receipts from gifts and others for other than capital purposes	1,041,306	961,985
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in receivables, net	1,155,269	(2,982,006)
(Increase) decrease in prepaid expenses	(1,566,242)	(157,683)
(Increase) decrease in inventories	967,565	(194,918)
(Increase) decrease in deferred outflows of resources - pension	(3,917,867)	1,590,576
(Increase) decrease in deferred outflows of resources - OPEB	(13,112,359)	(30,109)
Increase (decrease) in accounts payable	(155,756)	193,997
Increase (decrease) in funds held for others	94,402	48,502
Increase (decrease) in unearned revenue	(3,782,769)	(385,540)
Increase (decrease) in accrued compensated absences	(199,560)	112,161
Increase (decrease) in accrued claims and judgments	(3,322)	9,555
Increase (decrease) in net pension liability	4,904,724	(1,400,832)
Increase (decrease) in net OPEB liability	9,304,727	(3,291,388)
Increase (decrease) in deferred inflows of resources - pension	(583,596)	(340,500)
Increase (decrease) in deferred inflows of resources - OPEB	6,405,795	3,736,082
Net cash used in operating activities	<u>\$(34,530,610)</u>	<u>\$(35,423,866)</u>
<b>Noncash investing, capital and financing activities:</b>		
State appropriations on-behalf payments	<u>\$ 2,459,041</u>	<u>\$ 2,878,454</u>
Forgiveness of loan payable	<u>\$ 75,000</u>	<u>\$ 75,000</u>

See accompanying notes to the financial statements.



**Navarro College District**  
**Notes to Financial Statements**  
**August 31, 2019 and 2018**

**Note 1 - Nature of Operations and Reporting Entity**

Navarro College District (the District) was established in 1946, in accordance with the laws of the State of Texas, to serve the education needs of Navarro, Freestone, Limestone, Ellis and Leon Counties. The District is considered to be a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity Omnibus: An Amendment of GASB Statements No. 14 and No. 34*. While the District receives funding from local, state, and federal sources and must comply with the spending, reporting, and record-keeping requirements of these entities, it is not a component unit of any other governmental entity. The accompanying financial statements present the District and its component unit. The discretely presented component unit (described below) is reported in a separate column to emphasize that it is legally separate from the District.

Navarro College Foundation, Inc. (the Foundation) is a legally separate, tax-exempt entity organized to solicit and receive support for purposes of developing and extending the facilities of the District and enhancing the educational opportunities of residents in the geographical area the District serves. The District does not control the timing or amount of receipts from the Foundation. The Foundation is considered a component unit of the District and is discretely presented in the District's financial statements due to the following:

- The majority of resources, or income thereon that the Foundation holds and invests, are for the benefit of the District or its constituents.
- The net position of the Foundation compared to the District is significant.
- Substantially all resources held by the Foundation can only be used by, or for the benefit of, the District.
- The Foundation has historically provided resources to the District or its constituents.

During the years ended August 31, 2019 and 2018, the Foundation expended \$372,601 and \$239,972, respectively, directly to the District or to the District on behalf of students for scholarships. Complete financial statements for the Foundation can be obtained from the Foundation office at 3100 W. Collin, Corsicana, Texas 75110.

The District is reported as a special-purpose government engaged in business-type activities. The significant accounting policies followed by the District in preparing these financial statements are in accordance with the accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying financial statements are also in accordance with the Texas Higher Education Coordinating Board's *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*.

**Note 2 - Summary of Significant Accounting Policies**

**A. Basis of Accounting**

The financial statements of the District have been prepared on the accrual basis, whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 2 - Summary of Significant Accounting Policies (continued)

##### A. Basis of Accounting (continued)

Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The District distinguishes operating revenues and expenses from non-operating items. The primary consideration in classifying revenues and expenses is how individual transactions are categorized for purposes of preparing the statement of cash flows. Transactions for which cash flows are reported as capital and related financial activities, noncapital financing activities, or investing activities are reported as components of non-operating income. The principal operating revenues of the District result from providing educational services to students, and consist of tuition and fees, as well as sales of auxiliary goods and services (i.e. bookstore merchandise, meals, and housing). Operating expenses include the cost of providing educational services, auxiliary goods and services, and administrative expenses. All revenues and expenses not meeting this definition - including gifts, contributions, and grants from non-exchange and exchange-like transactions - are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The Foundation is a nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

##### B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31; and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

##### C. Tuition Discounting

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances and discounts in the statements of revenues, expenses, and changes in net position. Scholarship allowances and discounts are the difference between the stated charge for goods and services provided by the District and the amount that is paid by students. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs are recorded as non-operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship allowance and discount.

*Texas Public Education Grants:* Certain tuition amounts must be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (TEC §56.033). When the award is used by the student for tuition and fees, the District records the amount as tuition discount. If the amount is dispersed directly to the student, the District records the amount as a scholarship expense.

# Navarro College District

## Notes to Financial Statements (continued)

### Note 2 - Summary of Significant Accounting Policies (continued)

#### C. Tuition Discounting (continued)

*Title IV, Higher Education Act Program Funds:* Certain Title IV HEA Program funds are received by the District to pass through to the students. When the award is used by the student for tuition and fees, the District records the amount as tuition discount. If the amount is dispersed directly to the student, the District records the amount as a scholarship expense.

*Other Tuition Discounts:* The District awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the District records the amount as a tuition discount. If the amount is dispersed directly to the student, the District records the amount as a scholarship expense.

#### D. Cash and Cash Equivalents

The District considers cash and cash equivalents as cash on hand, demand deposits and certificates of deposit.

#### E. Inventories

Inventories consist of bookstore stock, gift shop stock, and food service supplies. Inventories held for resale are reported at the lower of cost or market. Inventories of supplies are valued at cost under the first-in, first-out method and are charged to expense as consumed.

#### F. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of unspent proceeds from revenue bonds that are restricted for construction.

#### G. Capital Assets

Capital assets, which include land, collections, buildings, library books, furniture and equipment and other improvements, are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Renovations to buildings and other improvements that significantly increase the value or extend the useful life of such assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend asset lives are charged to operating expense in the year in which the expense is incurred. The District reports depreciation under a single line item as a business-type unit.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	50 years
Other improvements	20 years
Library books	8 years
Furniture and equipment	5 - 10 years

# Navarro College District

## Notes to Financial Statements (continued)

### Note 2 - Summary of Significant Accounting Policies (continued)

#### H. Unearned Revenue

Unearned revenue of the District at August 31, 2019 and 2018, consists of the following amounts which have not yet been earned:

	<u>2019</u>	<u>2018</u>
Tuition and fees	\$ 9,906,561	\$ 9,385,202
Auxiliary	2,358,442	2,330,060
Federal grants	<u>-</u>	<u>4,332,510</u>
	<u>\$ 12,265,003</u>	<u>\$ 16,047,772</u>

#### I. Deferred Inflows of Resources

A *deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has two items that qualify for reporting in this category:

Deferred inflows of resources for pension - This deferred inflows result primarily from (1) changes in actuarial assumptions; (2) differences between expected and actual actuarial experiences and (3) changes in the District's proportional share of pension liabilities. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Deferred inflows of resources for OPEB - This deferred inflows result primarily from (1) changes in actuarial assumptions; (2) differences between expected and actual actuarial experiences and (3) changes in the District's proportional share of OPEB liabilities. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB benefits through the OPEB plan.

#### J. Deferred Outflows of Resources

A *deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred outflows of resources for refunding - This deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 2 - Summary of Significant Accounting Policies (continued)

##### J. Deferred Outflows of Resources (continued)

Deferred outflows of resources for pension - This deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of (1) differences between projected and actual earnings on pension plan investments; (2) changes in actuarial assumptions; (3) differences between expected and actual actuarial experiences and (4) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Deferred outflows of resources for OPEB - This deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of (1) differences between projected and actual earnings on OPEB plan investments; (2) changes in actuarial assumptions; (3) differences between expected and actual actuarial experiences and (4) changes in the District's proportional share of OPEB liabilities. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period. The remaining OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with benefits through the OPEB plan.

##### K. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined based on the flow of economic resource measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability: deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, and liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

##### L. Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Employees Retirement System of Texas (ERS) State Retiree Health Plan (SRHP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits; OPEB expense; and information about assets, liabilities and additions to/deductions from SRHP's fiduciary net position. Benefit payments are recognized when due and are payable in accordance with the benefit terms.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 2 - Summary of Significant Accounting Policies (continued)

##### M. 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, valuation allowances for receivables, and certain accrued liabilities. Accordingly, the District is aware that actual results could differ from those estimates.

##### N. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of these new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

##### O. Reclassifications

Certain accounts in the prior year financial statements have been classified for comparative purposes to conform to the presentation in the current year financial statements.

#### Note 3 - Authorized Investments

The District is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. The District is also required to follow specific investment practices prescribed by the Public Funds Investment Act (the Act) related to establishment of appropriate investment policies and management reports.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 3 - Authorized Investments (continued)

Under its local policy, the District is authorized to invest in (1) obligations of the United States or its agencies, (2) certificates of deposit, (3) savings and loan deposits, (4) prime commercial paper that has a stated maturity of 270 days or less and is rated not less than A-1 or P-1 by at least two nationally recognized credit rating agencies, and (5) investment grade obligations of state and local governments, and public authorities.

#### Note 4 - Deposits and Investments

Deposits of the District at August 31, 2019 and 2018, consist of the following:

	2019	2018
Cash - demand deposits	\$ 14,145,962	\$ 16,503,798
Cash - certificates of deposit	2,975,000	2,975,000
Cash - petty cash on hand	5,895	5,895
Total deposits	\$ 17,126,857	\$ 19,484,693

Deposits and investments of the Foundation at August 31, 2019 and 2018, consist of the following:

	2019	2018
<u>Deposits</u>		
Cash - demand deposits	\$ 214,715	\$ 58,549
Total deposits	214,715	58,549
<u>Investments</u>		
Cash equivalents	156,223	94,692
Certificates of deposit	1,166,125	1,227,620
U. S. government securities	311,500	372,441
Corporate bonds	506,536	412,762
Marketable equity securities	2,434,941	2,615,020
Other investments	10,668	11,129
Total investments	4,585,993	4,733,664
Total deposits and investments	\$ 4,800,708	\$ 4,792,213

The Foundation categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 4 - Deposits and Investments (continued)

The Foundation has the following investments that are measured at fair value:

<u>Description</u>	<u>August 31, 2019</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Available- for-sale- securities	\$ 4,585,993	\$ 4,585,993	\$ -	\$ -
Total	<u>\$ 4,585,993</u>	<u>\$ 4,585,993</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Description</u>	<u>August 31, 2018</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Available- for-sale- securities	\$ 4,733,664	\$ 4,733,664	\$ -	\$ -
Total	<u>\$ 4,733,664</u>	<u>\$ 4,733,664</u>	<u>\$ -</u>	<u>\$ -</u>

*Interest Rate Risk.* Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio. Commercial paper must have a stated maturity of 270 days or less. The maximum allowable stated maturity of any other individual investment is generally five years.

*Credit Risk.* For an investment, credit risk is the risk that an investment issuer or other counterparty to an investment will not fulfill obligations related to the investment. It is the District's general policy to limit its investments in a manner that ensures the preservation of capital in the overall portfolio. Commercial paper must be rated not less than A-1 or P-1 by at least two nationally recognized credit rating agencies. The District has no other specific policies that limit credit risk.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 4 - Deposits and Investments (continued)

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in the securities of a single issuer. The District generally limits the amount which may be invested in any one issuer to 10% of the portfolio.

*Interest Rate and Credit Risks of Navarro College Foundation, Inc.* The Foundation does not have a specific policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Also, the Foundation does not have a specific policy to limit the risk that an issuer or other counterparty to its investments will not fulfill its obligations.

#### Note 5 - Accounts Receivable

Accounts receivable at August 31, 2019 and 2018, consist of the following:

	<u>2019</u>	<u>2018</u>
Tuition and fees	\$ 7,404,316	\$ 7,436,866
Ad valorem property taxes	324,205	301,866
Federal and state grants	3,972,338	4,334,196
Interest	30,316	30,800
Auxiliary and other	<u>1,863,779</u>	<u>2,646,495</u>
	13,594,954	14,750,223
Less allowance for doubtful accounts	<u>(1,411,516)</u>	<u>(1,411,516)</u>
Accounts receivable, net	<u>\$ 12,183,438</u>	<u>\$ 13,338,707</u>

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 6 - Capital Assets**

Capital asset activity for the District for the year ended August 31, 2019 was as follows:

	Balance September 1, 2018	Additions	Transfers and Retirements	Balance August 31, 2019
Capital assets, not being depreciated:				
Land	\$ 2,899,970	\$ -	\$ (1)	\$ 2,899,969
Collections	434,339	-	-	434,339
Construction in progress	240,308	81,895	-	322,203
Total capital assets, not being depreciated	3,574,617	81,895	(1)	3,656,511
Capital assets, being depreciated:				
Buildings and building improvements	75,107,321	-	(49,117)	75,058,204
Other real estate improvements	8,156,307	121,031	-	8,277,338
Total buildings and other real estate improvements	83,263,628	121,031	(49,117)	83,335,542
Library books	1,678,574	10,098	-	1,688,672
Furniture and equipment	7,724,904	2,127,641	(508,030)	9,344,515
Total capital assets, being depreciated	92,667,106	2,258,770	(557,147)	94,368,729
Less accumulated depreciation:				
Buildings and building improvements	(23,479,941)	(1,293,946)	17,093	(24,756,794)
Other real estate improvements	(4,043,311)	(290,428)	(1)	(4,333,740)
Total buildings and other real estate improvements	(27,523,252)	(1,584,374)	17,092	(29,090,534)
Library books	(1,335,246)	(34,398)	2	(1,369,642)
Furniture and equipment	(5,601,427)	(796,893)	463,463	(5,934,857)
Total accumulated depreciation	(34,459,925)	(2,415,665)	480,557	(36,395,033)
Total capital assets, being depreciated (net)	58,207,181	(156,895)	(76,590)	57,973,696
Total capital assets, net	\$ 61,781,798	\$ (75,000)	\$ (76,591)	\$ 61,630,207

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 6 - Capital Assets (continued)

Capital asset activity for the District for the year ended August 31, 2018 was as follows:

	Balance September 1, 2017	Additions	Transfers and Retirements	Balance August 31, 2018
Capital assets, not being depreciated:				
Land	\$ 2,739,886	\$ 160,084	\$ -	\$ 2,899,970
Collections	434,339	-	-	434,339
Construction in progress	-	240,308	-	240,308
Total capital assets, not being depreciated	<u>3,174,225</u>	<u>400,392</u>	<u>-</u>	<u>3,574,617</u>
Capital assets, being depreciated:				
Buildings and building improvements	74,740,290	367,031	-	75,107,321
Other real estate improvements	8,156,307	-	-	8,156,307
Total buildings and other real estate improvements	82,896,597	367,031	-	83,263,628
Library books	1,663,021	15,553	-	1,678,574
Furniture and equipment	7,528,559	221,835	(25,490)	7,724,904
Total capital assets, being depreciated	<u>92,088,177</u>	<u>604,419</u>	<u>(25,490)</u>	<u>92,667,106</u>
Less accumulated depreciation:				
Buildings and building improvements	(22,179,688)	(1,300,253)	-	(23,479,941)
Other real estate improvements	(3,765,434)	(277,877)	-	(4,043,311)
Total buildings and other real estate improvements	(25,945,122)	(1,578,130)	-	(27,523,252)
Library books	(1,292,858)	(42,388)	-	(1,335,246)
Furniture and equipment	(5,186,074)	(439,156)	23,803	(5,601,427)
Total accumulated depreciation	<u>(32,424,054)</u>	<u>(2,059,674)</u>	<u>23,803</u>	<u>(34,459,925)</u>
Total capital assets, being depreciated (net)	<u>59,664,123</u>	<u>(1,455,255)</u>	<u>(1,687)</u>	<u>58,207,181</u>
Total capital assets, net	<u>\$ 62,838,348</u>	<u>\$ (1,054,863)</u>	<u>\$ (1,687)</u>	<u>\$ 61,781,798</u>

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 6 - Capital Assets (continued)

Capital asset activity for the Foundation for the year ended August 31, 2019 was as follows:

	Balance September 1, 2018	Additions	Transfers and Retirements	Balance August 31, 2019
Capital assets, not being depreciated:				
Collections	\$ 8,539,817	\$ 22,100	\$ -	\$ 8,561,917
Total capital assets, not being depreciated	<u>8,539,817</u>	<u>22,100</u>	<u>-</u>	<u>8,561,917</u>
Capital assets, being depreciated:				
Furniture and equipment	22,042	-	-	22,042
Total capital assets, being depreciated	<u>22,042</u>	<u>-</u>	<u>-</u>	<u>22,042</u>
Less accumulated depreciation:				
Furniture and equipment	(22,042)	-	-	(22,042)
Total accumulated depreciation	<u>(22,042)</u>	<u>-</u>	<u>-</u>	<u>(22,042)</u>
Total capital assets, being depreciated (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, net	<u>\$ 8,539,817</u>	<u>\$ 22,100</u>	<u>\$ -</u>	<u>\$ 8,561,917</u>

Capital asset activity for the Foundation for the year ended August 31, 2018 was as follows:

	Balance September 1, 2017	Additions	Transfers and Retirements	Balance August 31, 2018
Capital assets, not being depreciated:				
Collections	\$ 8,531,588	\$ 8,229	\$ -	\$ 8,539,817
Total capital assets, not being depreciated	<u>8,531,588</u>	<u>8,229</u>	<u>-</u>	<u>8,539,817</u>
Capital assets, being depreciated:				
Furniture and equipment	22,042	-	-	22,042
Total capital assets, being depreciated	<u>22,042</u>	<u>-</u>	<u>-</u>	<u>22,042</u>
Less accumulated depreciation:				
Furniture and equipment	(22,042)	-	-	(22,042)
Total accumulated depreciation	<u>(22,042)</u>	<u>-</u>	<u>-</u>	<u>(22,042)</u>
Total capital assets, being depreciated (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, net	<u>\$ 8,531,588</u>	<u>\$ 8,229</u>	<u>\$ -</u>	<u>\$ 8,539,817</u>

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 7 - Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2019 was as follows:

	Balance September 1, 2018	Additions	Reductions	Balance August 31, 2019	Due Within One Year
Bonds and loan payable:					
Revenue bonds	\$ 17,850,000	\$ -	\$ (1,540,000)	\$ 16,310,000	\$ 1,595,000
Issuance premiums	652,111	-	(66,317)	585,794	-
Loan payable	975,000	-	(75,000)	900,000	-
Total bonds and loan payable	19,477,111	-	(1,681,317)	17,795,794	1,595,000
Capital lease	2,855,000	1,441,851	(511,872)	3,784,979	523,235
Other liabilities:					
Net pension liability	6,708,957	-	(1,400,832)	5,308,125	-
Net OPEB liability	16,897,335	-	(3,291,388)	13,605,947	385,428
Compensated absences	2,686,217	357,017	(244,856)	2,798,378	88,051
Claims and judgments	65,518	9,555	-	75,073	21,557
	<u>\$ 48,690,138</u>	<u>\$ 1,808,423</u>	<u>\$ (7,130,265)</u>	<u>\$ 43,368,296</u>	<u>\$ 2,613,271</u>

Long-term liability activity for the year ended August 31, 2018 was as follows:

	Balance September 1, 2017	Additions	Reductions	Balance August 31, 2018	Due Within One Year
Bonds and loan payable:					
Revenue bonds	\$ 19,345,000	\$ -	\$ (1,495,000)	\$ 17,850,000	\$ 1,540,000
Issuance premiums	718,427	-	(66,316)	652,111	-
Loan payable	1,050,000	-	(75,000)	975,000	75,000
Total bonds and loan payable	21,113,427	-	(1,636,316)	19,477,111	1,615,000
Capital lease	3,060,000	-	(205,000)	2,855,000	210,000
Other liabilities:					
Net pension liability	8,109,789	-	(1,400,832)	6,708,957	-
Net OPEB liability	20,188,723	-	(3,291,388)	16,897,335	85,739
Compensated absences	2,574,056	357,017	(244,856)	2,686,217	176,284
Claims and judgments	55,963	9,555	-	65,518	16,380
	<u>\$ 55,101,958</u>	<u>\$ 366,572</u>	<u>\$ (6,778,392)</u>	<u>\$ 48,690,138</u>	<u>\$ 2,103,403</u>

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 7 - Long-Term Liabilities (continued)**

Revenue bonds at August 31, 2019 and 2018, which were all issued to provide funds for the acquisition and construction of major capital facilities, are comprised of the following individual issues:

	2019	2018
\$3,550,000 series 2006 revenue bonds due in annual installments of \$95,000 to \$245,000 through May 2027; interest at 3.7%	\$ 1,555,000	\$ 1,745,000
\$3,550,000 series 2007 revenue bonds due in annual installments of \$120,000 to \$250,000 through May 2027; interest at 4.08%	1,755,000	1,940,000
\$4,075,000 series 2009 revenue bonds due in annual installments of \$135,000 to \$300,000 through May 2029; interest at 4.56%	2,470,000	2,660,000
\$21,370,000 series 2012 revenue and refunding bonds due in annual installments of \$955,000 to \$2,035,000 through May 2028; interest at 2% to 5%	10,530,000	11,505,000
	\$ 16,310,000	\$ 17,850,000

The District entered into a \$1,500,000 loan agreement with the Corporation for the Economic Development of Midlothian on July 24, 2009, which is forgivable under certain conditions. If these conditions are not met and maintained during a 20-year period, the remaining outstanding loan balance may be demanded and if not paid in full within ten days of the date of such demand will accrue interest at a rate of 4.5% per year. The Corporation for Economic Development of Midlothian agreed to make the 20-year forgivable loan to the District in order to construct a 25,000 sq. ft. classroom/workforce training facility on the Midlothian Navarro College Campus site. During fiscal year 2019, the Economic Development of Midlothian forgave \$75,000 of the loan balance.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 7 - Long-Term Liabilities (continued)

Debt service requirements to amortize revenue bonds payable as of August 31, 2019, are as follows:

For the Year Ended August 31,	Revenue Bonds		Total
	Principal	Interest	
2020	\$ 1,595,000	\$ 644,484	\$ 2,239,484
2021	1,650,000	590,062	2,240,062
2022	1,710,000	533,691	2,243,691
2023	1,780,000	453,840	2,233,840
2024	1,850,000	392,989	2,242,989
2025-2029	7,725,000	753,869	8,478,869
	\$ 16,310,000	\$ 3,368,935	\$ 19,678,935

The District has pledged certain future tuition and fees to repay \$16.3 million in revenue bonds issued from 2006 to 2012. Proceeds from the bonds provided financing for the construction of classroom buildings and dormitories. Annual principal and interest payments on the bonds are expected to require approximately 20% of the pledged tuition and fees. The total principal and interest remaining to be paid on the bonds is \$19.7 million. Principal and interest paid for the current year and total of pledged tuition and fees were \$2.2 million and \$7.6 million, respectively.

#### Note 8 - Capital Lease Obligations

City of Midlothian, Texas (Ellis County) issued \$3,530,000 of Combination Tax and Revenue Refunding Bonds (Navarro College District), Series 2014 to refund and defease certain maturities of its existing outstanding bond issuances. The refunding allowed the District to reduce future debt payments. The refunding resulted in a decrease in total debt service payments in the next 14 years by \$360,311 which equates to a \$301,679 present value savings or economic gain. The refunding provided resources that were placed in a separate irrevocable trust for the purpose of generating resources for all future debt service payments of the debt being refunded. As a result, the bonds are considered to be defeased and the liability has been removed from the statement of net position. The difference between the reacquisition price and the net carrying amount of the old debt (deferred amount on refunding of \$146,669) will be amortized over the remaining life of the original debt issued. The bonds are payable by the District pursuant to a lease agreement between the City of Midlothian, Texas and the District.

In 2019, the District entered into a lease agreement for \$1,071,079 to finance the purchase and installation of equipment to deliver internet service. The capital lease will be repaid over five years, \$19,500 paid monthly, with an annual interest rate of 2.9%. The capital lease matures in July 2023.

In 2019, the District entered into a lease agreement for \$370,772 to finance the purchase and installation of equipment to deliver telephone service. The capital lease will be repaid over four years, \$8,190 paid monthly, with an annual interest rate of 2.9%. The capital lease matures in July 2022.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 8 - Capital Lease Obligations (continued)

The District leases a building, internet equipment, and telephone equipment under non-cancelable capital lease agreements that expires in August 2029, July 2023, and July 2022, respectively. Amortization of assets held under capital leases is included with depreciation expense. Assets under capital leases at August 31, 2019 consisted of the following:

	Building	Internet Equipment	Telephone Equipment
Capital asset value	\$ 4,651,416	\$ 1,087,950	\$ 370,772
Less: accumulated amortization	(1,161,375)	(235,723)	(100,417)
	\$ 3,490,041	\$ 852,227	\$ 270,355

The future minimum lease obligations and the net present value of future minimum lease payments as of August 31, 2019 are as follows:

Fiscal Year	Building	Internet Equipment	Telephone Equipment	Total
2020	\$ 305,575	\$ 234,000	\$ 98,285	\$ 637,860
2021	308,975	234,000	98,285	641,260
2022	312,075	234,000	90,075	636,150
2023	309,875	214,500	-	524,375
2024	312,525	-	-	312,525
2025-2029	1,601,244	-	-	1,601,244
Total minimum lease payments	3,150,269	916,500	286,645	4,353,414
Less amounts representing interest	(505,269)	(51,079)	(12,087)	(568,435)
Present value of minimum capital lease payments	\$ 2,645,000	\$ 865,421	\$ 274,558	\$ 3,784,979

#### Note 9 - Employees' Retirement Plan

*Plan Description.* The District participates in a cost-sharing multi-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

*Pension Plan Fiduciary Net Position.* Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 9 - Employees' Retirement Plan (continued)**

*Benefits Provided.* TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit.

There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in above.

*Contributions.* Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 85th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2019.

	<b>Contribution Rates</b>	
	<b>Plan Fiscal Year</b>	
	<u><b>2018</b></u>	<u><b>2019</b></u>
Member (Employee)	7.7%	7.7%
District (Employer) / Non-Employer Contributing Entity (State)	6.8%	6.8%

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). Contributions for all contributors were as follows:

	<u><b>Measurement Year (2018)</b></u>		<u><b>Fiscal Year (2019)</b></u>
	<b>Contributions Required and Made</b>	<b>Pension Expense</b>	<b>TRS Contributions</b>
Member (Employee)	\$ 1,283,280	\$ -	\$ 1,338,984
District (Employer)	710,789	1,144,424	699,705
Non-employer contributing entity (State)	452,798	732,694	-

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 9 - Employees' Retirement Plan (continued)**

	<u>Measurement Year (2017)</u>		<u>Fiscal Year (2018)</u>
	<b>Contributions</b>		
	<b>Required and</b>	<b>Pension</b>	<b>TRS</b>
	<b>Made</b>	<b>Expense</b>	<b>Contributions</b>
Member (Employee)	\$ 1,236,916	\$ -	\$ 1,283,280
District (Employer)	687,646	478,353	630,439
Non-employer contributing entity (State)	442,373	329,885	461,414

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

*Actuarial Assumptions.* The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017, rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Asset Valuation Method	Market Value
Discount Rate	6.907%
Inflation	2.30%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate*	3.69%*
Salary Increases	3.05% to 9.05%
Payroll Growth Rate	3.00%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 9 - Employees' Retirement Plan (continued)

*Actuarial Assumptions (continued).*

\* Source for the rate is the Fixed Income Market Data/Yield Curve/Data 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."

The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the system's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017 and were adopted in July 2018.

*Discount Rate.* The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the 20 statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 9 - Employees' Retirement Plan (continued)**

*Discount Rate (continued).*

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2018 are summarized below:

<b>Asset Class</b>	<b>Target Allocation <sup>1</sup></b>	<b>Long-Term Expected Arithmetic Real Rate of Return</b>	<b>Expected Contribution to Long-Term Portfolio Returns</b>
<b>Global Equity</b>			
U.S.	18%	5.70%	1.04%
Non-U.S. Developed	13%	6.90%	0.90%
Emerging Markets	9%	8.95%	0.80%
Directional Hedge Funds	4%	3.53%	0.14%
Private Equity	13%	10.18%	1.32%
<b>Stable Value</b>			
U.S. Treasuries	11%	1.11%	0.10%
Absolute Return	0%	0.00%	0.00%
Stable Value Hedge Funds	4%	3.09%	0.10%
Cash	1%	-0.30%	0.00%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.70%	0.00%
Real Assets	14%	5.21%	1.10%
Energy and Natural Resources	5%	7.48%	0.20%
Commodities	0%	0.00%	0.00%
<b>Risk Parity</b>			
Risk Parity	5%	3.70%	0.18%
Inflation Expectation			2.30%
Volatility Drag <sup>2</sup>			-0.79%
<b>Total</b>	<b>100%</b>		<b>7.25%</b>

<sup>1</sup> Target allocations are based on the FY2016 policy model.

<sup>2</sup> The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 9 - Employees' Retirement Plan (continued)

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

*Discount Rate Sensitivity Analysis.* The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the 2018 net pension liability.

	1% Decrease 5.907%	Current Discount Rate 6.907%	1% Increase 7.907%
District's proportional share of the net pension liability	\$17,527,829	\$11,613,681	\$6,825,827

The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2017 net pension liability.

	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
District's proportional share of the net pension liability	\$11,309,976	\$6,708,957	\$2,877,862

At August 31, 2019, the District reported a liability of \$11,613,681 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportion of the net pension liability	0.0210995%
District's proportional share of the net pension liability	\$ 11,613,681
State's proportionate share of the net pension liability associated with the District	7,402,944
Total	\$ 19,016,625

At August 31, 2018, the District reported a liability of \$6,708,957 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportion of the net pension liability	0.0209821%
District's proportional share of the net pension liability	\$ 6,708,957
State's proportionate share of the net pension liability associated with the District	4,324,880
Total	\$ 11,033,837

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 9 - Employees' Retirement Plan (continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued).*

The net pension liability was measured as of August 31, 2019 and 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the periods September 1, 2017 thru August 31, 2018 and September 1, 2016 thru August 31, 2017, respectively.

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.0210995% which was an increase from its proportion measured as of August 31, 2017 of 0.0209821%.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0209821% which was a decrease from its proportion measured as of August 31, 2016 of 0.0214610%.

#### Changes since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the fiscal year ended August 31, 2019, the District recognized pension expense of \$1,144,424 as well as on-behalf revenue and pension expense of \$732,694 representing pension expense incurred by the State on behalf of the District.

For the fiscal year ended August 31, 2018, the District recognized pension expense of \$478,353 as well as on-behalf revenue and pension expense of \$329,885 representing pension expense incurred by the State on behalf of the District.

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 9 - Employees' Retirement Plan (continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued).*

At August 31, 2019, the District reported its proportionate share of the TRS' deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 72,390	\$ 284,954
Changes of assumptions	4,187,291	130,853
Difference between projected and actual earnings on pension plan investments	-	220,361
Changes in proportion and differences between District contributions and proportionate share of contributions	31,567	665,829
District contributions subsequent to the measurement date	660,787	-
Total	\$ 4,952,035	\$ 1,301,997

The \$660,787 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2019.

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended August 31,</b>	<b>Amount</b>
2020	\$ 738,797
2021	275,072
2022	183,040
2023	648,206
2024	681,150
Thereafter	462,986
	\$ 2,989,251

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 9 - Employees' Retirement Plan (continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued).*

At August 31, 2018, the District reported its proportionate share of the TRS' deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 98,155	\$ 361,805
Changes of assumptions	305,600	174,951
Difference between projected and actual earnings on pension plan investments	-	488,934
Changes in proportion and differences between District contributions and proportionate share of contributions	-	859,903
District contributions subsequent to the measurement date	630,413	-
Total	<u>\$ 1,034,168</u>	<u>\$ 1,885,593</u>

The \$630,413 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2018.

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended August 31,</b>	<b>Amount</b>
2019	\$ (413,283)
2020	14,967
2021	(446,179)
2022	(537,641)
2023	(74,458)
Thereafter	(25,244)
	<u>\$ (1,481,838)</u>

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 9 - Employees' Retirement Plan (continued)

*Optional Retirement Program.* The state has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program (ORP) is in lieu of participation in the Teacher Retirement System of Texas. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

*Funding Policy.* Contribution requirements are not actuarially determined, but are established and amended by the Texas State Legislature. Since individual annuity contracts are purchased, the state and the District have no additional or unfunded liability for this program. Senate Bill 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of eligible employees in the reporting district. The percentages of participant salaries currently contributed by the state and each participant are 6.60% and 6.65%, respectively. The District supplements an additional 1.9%. In certain instances, the District is required to make all or a portion of the state's contribution.

Contribution rates as a percentage of compensation and contributions made for ORP for 2019, 2018, and 2017 are shown in the table below.

Year	Employee		District/State		District	
	Rate	Amount	Rate	Amount	Rate	Amount
2019	6.65%	\$ 222,321	6.6%	\$220,650	1.9%	\$ 17,440
2018	6.65%	271,134	6.6%	269,096	1.9%	24,388
2017	6.65%	275,970	6.6%	273,895	1.9%	25,507

State contributions to ORP made on behalf of the District are reported as revenues and expenses in the accompanying financial statements.

The total payroll for all District employees was \$25,003,202 and \$25,333,453 for the years ended August 31, 2019 and 2018, respectively. The total payroll of employees covered by TRS was \$17,389,423 and \$16,664,914, and the total payroll of employees covered by ORP was \$3,343,169 and \$4,077,207 for the years ended August 31, 2019 and 2018, respectively.

#### Note 10 - Compensated Absences

Full-time employees earn vacation at a rate of 6.67 hours per month for the first five years of employment, then at a rate of 10.00 hours per month thereafter. The District's policy is that any employee may carry accrued vacation forward from one fiscal year to another fiscal year with a maximum number of paid hours upon termination of 160. The District recognized an accrued liability for the unpaid vacation of \$519,247 and \$528,485 at August 31, 2019 and 2018, respectively. Sick leave, which can be accumulated up to 480 hours, is earned at the rate of 8 hours per month. Unused sick leave will be compensated at termination of employment based upon the following years of service to the District:

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 10 - Compensated Absences (continued)

<u>Full Years of Service</u>	<u>Vesting %</u>
1 - 5 years	0%
6 years	20%
7 years	40%
8 years	60%
9 years	80%
10 years	100%

The District recognized an accrued liability for the unpaid sick leave of \$1,951,111 and \$2,132,733 at August 31, 2018 and 2017, respectively. The District recognized an accrued liability for unpaid compensatory time of \$16,299 and \$24,999 at August 31, 2019 and 2018, respectively.

#### Note 11 - Risk Management

##### *Workers' Compensation Aggregate Deductible*

During the year ended August 31, 2019, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The District participates in the Fund's reimbursable aggregate deductible program. As such, the member is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims liability.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year-ended August 31, 2019, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 11 - Risk Management – continued

##### *Workers' Compensation Aggregate Deductible (continued)*

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2018, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

##### *Auto, Liability, and Property Programs*

During the year ended August 31, 2019, the District participated in the following TASB Risk Management Fund (the Fund) programs: Auto Liability, Auto Physical Damage, Legal Liability, and Property.

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2019, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2018, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

##### *Unemployment Compensation Pool*

During the year ended August 31, 2019, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2019, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2018, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 12 - Other Post-Employment Benefits (OPEB)

*Plan Description.* The District participates in a cost-sharing, multiple-employer, other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

*OPEB Plan Fiduciary Net Position.* Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

*Benefits Provided.* Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

*Contributions.* Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State pays part of the premiums for the junior and community colleges.

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 12 - Other Post-Employment Benefits (OPEB) (continued)**

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium.

**Employer Contribution Rates  
Retiree Health and Basic Life Premium  
Plan Years 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Retiree Only	\$ 621.90	\$ 617.30
Retiree & Spouse	1,334.54	970.98
Retiree & Children	1,099.06	854.10
Retiree & Family	1,811.70	1,207.78

Contributions of premiums to the GBP plan for the current and prior fiscal year by source is summarized in the following table.

**Premium Contributions by Source  
Group Benefits Program Plan  
For the Plan Years Ended August 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Employers	\$ 286,100	\$ 464,587
Members (Employees)	179,577	97,103
Nonemployer Contributing Entity (State of Texas)	1,717,380	380,376

*Actuarial Assumptions.* The total OPEB liability was determined by an actuarial valuation as of August 31, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Assumptions  
ERS Group Benefits Program Plan**

Valuation Date	August 31, 2018
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Not applicable
Actuarial Assumptions:	
Discount Rate	3.96%
Projected Annual Salary Increase	2.50% to 9.50%
Annual Healthcare Trend Rate	7.30% for FY 2020, 7.40% for FY 2021, 7.00% for FY 2022, decreasing 0.50% per year to an ultimate rate of 4.50% for FY 2027 and later years
Inflation Assumption Rate	2.50%
Ad hoc Post-employment Benefit Changes	None

# Navarro College District

## Notes to Financial Statements (continued)

### Note 12 - Other Post-Employment Benefits (OPEB) (continued)

#### Actuarial Assumptions ERS Group Benefits Program Plan

Mortality Assumptions:	
Service retirees, survivors and other inactive members	Tables based on Teachers Retirement System of Texas experience with Ultimate MP Projection Scale from the year 2018.
Disability retirees	Tables based on Teachers Retirement System of Texas experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS retirement plan actuaries for the period September 1, 2010 to August 31, 2014 for higher education members.

*Investment Policy.* The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement; therefore, the assumed asset allocation and long term expected real rate of return on investments is not applicable. The ERS's Board of Trustees adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4%.

*Discount Rate.* Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.51%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.96%, which amounted to an increase of 0.45%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 12 - Other Post-Employment Benefits (OPEB) (continued)**

**Changes to Actuarial Assumptions since prior Actuarial Valuation**

Since the last valuation was prepared for this plan, demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members have been updated to reflect assumptions recently adopted by the TRS Trustees. These new assumptions were adopted to reflect an experience study on the TRS retirement plan performed by the TRS retirement plan actuary.

In addition, assumed Expenses, assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost, Retiree Contribution and Expense trends have been updated to reflect recent experience and its effects on our short-term expectations. Furthermore, (a) the percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence and (b) the percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.

Lastly, the discount rate assumption was increased from 3.51% to 3.96% as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20- year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

*Discount Rate Sensitivity Analysis.* The following schedule shows the impact on the District's proportionate share of the collective net OPEB liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (3.96%) in measuring the 2018 net OPEB Liability.

**Sensitivity of Net OPEB Liability to Changes in  
Discount Rate - State Retiree Health Plan**

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rate	2.96%	3.96%	4.96%
District's proportionate share of the net OPEB liability	\$31,107,947	\$ 26,202,062	\$22,488,863

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 12 - Other Post-Employment Benefits (OPEB) (continued)**

*Discount Rate Sensitivity Analysis (continued).*

The following schedule shows the impact on the District's proportionate share of the collective net OPEB liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (3.51%) in measuring the 2017 net OPEB Liability.

**Sensitivity of Net OPEB Liability to Changes in  
Discount Rate - State Retiree Health Plan**

	1% <u>Decrease</u>	Current <u>Discount Rate</u>	1% <u>Increase</u>
Rate	2.51%	3.51%	4.51%
District's proportionate share of the net OPEB liability	\$20,170,480	\$ 16,897,335	\$14,361,991

*Healthcare Trend Rate Sensitivity Analysis.* The initial healthcare trend rate is 7.3% and the ultimate rate is 4.5%. The following schedule shows the impact on the District's proportionate share of the collective 2018 net OPEB liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (7.3%) in measuring the 2018 net OPEB liability.

**Sensitivity of Net OPEB Liability to Changes in Healthcare  
Cost Trend Rates - State Retiree Health Plan**

	1% <u>Decrease</u>	Current Healthcare Cost Trend <u>Rate</u>	1% <u>Increase</u>
	6.3%	7.3%	8.3%
Rate	decreasing to 3.5%	decreasing to 4.5%	decreasing to 5.5%
District's proportionate share of the net OPEB liability	\$22,189,762	\$ 26,202,062	\$31,377,944

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 12 - Other Post-Employment Benefits (OPEB) (continued)**

*Healthcare Trend Rate Sensitivity Analysis (continued).*

The initial healthcare trend rate is 8.5% and the ultimate rate is 4.5%. The following schedule shows the impact on the District's proportionate share of the collective 2017 net OPEB liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (8.5%) in measuring the 2017 net OPEB liability.

**Sensitivity of Net OPEB Liability to Changes in Healthcare  
Cost Trend Rates - State Retiree Health Plan**

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
	<u>7.5%</u>	<u>8.5%</u>	<u>9.5%</u>
	decreasing to	decreasing to	decreasing to
Rate	3.5%	4.5%	5.5%
District's proportionate share of the net OPEB liability	\$ 14,205,083	\$ 16,897,335	\$ 20,390,687

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* At August 31, 2019, the District reported a liability of \$26,202,062 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the District for OPEB. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportion of the net OPEB liability	0.08840775%
District's proportionate share of the collective net OPEB liability	\$ 26,202,062
State's proportionate share that is associated with the District	<u>17,521,512</u>
	<u>\$ 43,723,574</u>

At August 31, 2018, the District reported a liability of \$16,897,335 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the District for OPEB. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportion of the net OPEB liability	0.04959155%
District's proportionate share of the collective net OPEB liability	\$ 16,897,335
State's proportionate share that is associated with the District	<u>13,828,416</u>
	<u>\$ 30,725,751</u>

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 12 - Other Post-Employment Benefits (OPEB) (continued)**

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued).*

The net OPEB liability was measured as of August 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017, thru August 31, 2018.

At the measurement date of August 31, 2018, the employer's proportion of the collective net OPEB liability was 0.08840775%, which was an increase of 0.0388162% from its proportion measured as of August 31, 2017.

At the measurement date of August 31, 2017, the employer's proportion of the collective net OPEB liability was 0.04959155%, which was the same proportion measured as of August 31, 2016.

For the year ended August 31, 2019, the District recognized OPEB expense of \$2,763,851 and as well as revenue of \$104,159 representing OPEB expense incurred by the State on behalf of the District.

For the year ended August 31, 2018, the District recognized OPEB expense of \$904,280 and as well as revenue of \$740,042 representing OPEB expense incurred by the State on behalf of the District.

At August 31, 2019, the District reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 959,959
Changes of assumptions	-	9,181,918
Difference between projected and actual earnings on OPEB plan investments	12,408	-
Changes in proportion and differences between District contributions and proportionate share of contributions	13,430,212	-
District contributions subsequent to the measurement date	164,435	-
Total	\$ 13,607,055	\$ 10,141,877

The \$164,435 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2020. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 12 - Other Post-Employment Benefits (OPEB) (continued)**

<b>Year ended August 31,</b>	<b>Amount</b>
2020	\$ 340,233
2021	340,233
2022	340,233
2023	1,178,051
2024	1,101,993
Thereafter	-
	<u>\$ 3,300,743</u>

At August 31, 2018, the District reported its proportionate share of the ERS plan's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 203,052
Changes of assumptions	-	3,533,030
Difference between projected and actual earnings on OPEB plan investments	5,002	-
District contributions subsequent to the measurement date	<u>489,694</u>	<u>-</u>
Total	<u>\$ 494,696</u>	<u>\$ 3,736,082</u>

The \$489,694 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2019. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended August 31,</b>	<b>Amount</b>
2019	\$ (840,209)
2020	(840,209)
2021	(840,209)
2022	(840,209)
2023	(370,244)
Thereafter	-
	<u>\$ (3,731,080)</u>

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 13 - Voluntary Contributory Pension Plan

The District has a contributory, defined contribution, money-purchase pension plan which is administered by the trust department at a local bank. Any employee who has completed one year of service, has attained age 21, and is actively employed on the last day of the plan year is eligible to participate. In order to participate, the employee must agree to contribute 5% of total compensation to the plan. The District then contributes 8% of total compensation to the plan. The employee is 100% vested in their contributions to the plan. Employer contributions to the plan are vested at 20% after one year of service, and then at the rate of 20% per year of service. District contributions were \$1,003,533 and \$1,047,386 in 2019 and 2018, respectively. Participant contributions were \$627,207 and \$654,618 in 2019 and 2018, respectively.

#### Note 14 - Ad Valorem Property Taxes

The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real, business and personal property located in the District as follows:

	2019	2018
Assessed valuation of the District	\$ 4,042,719,795	\$ 3,423,751,510
Less: Abatements	29,155,403	32,840,848
Less: Exemptions	569,236,777	157,904,216
Net assessed valuation of the District	\$ 3,444,327,615	\$ 3,233,006,446

Tax rates authorized and assessed during fiscal year 2019 are as follows:

	Current Operations	Debt Service	Total
Tax rate per \$100 valuation for authorized	\$0.500000	\$0.500000	\$1.000000
Tax rate per \$100 valuation for assessed	0.121800	0.000000	0.121800

Tax rates authorized and assessed during fiscal year 2018 are as follows:

	Current Operations	Debt Service	Total
Tax rate per \$100 valuation for authorized	\$ 0.500000	\$ 0.500000	\$ 1.000000
Tax rate per \$100 valuation for assessed	0.121800	0.000000	0.121800

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 14 - Ad Valorem Property Taxes (continued)

Taxes levied for the year ended August 31, 2019 are \$4,201,271. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Tax collections for the year ended August 31, 2019 are as follows:

	Current Operations	Debt Service	Total
Current taxes collected	\$ 4,081,123	\$ -	\$ 4,081,123
Delinquent taxes collected	83,360	-	83,360
Penalties and interest collected	69,972	-	69,972
Total collections	\$ 4,234,455	\$ -	\$ 4,234,455

Taxes levied for the year ended August 31, 2018 are \$3,917,742. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Tax collections for the year ended August 31, 2018 are as follows:

	Current Operations	Debt Service	Total
Current taxes collected	\$ 3,810,491	\$ -	\$ 3,810,491
Delinquent taxes collected	83,675	-	83,675
Penalties and interest collected	82,184	-	82,184
Total collections	\$ 3,976,350	\$ -	\$ 3,976,350

Current tax collections for the years ended August 31, 2019 and 2018 were 97.14% and 97.26%, respectively, of the current tax levy. An allowance for uncollectible taxes is based upon the historical experience in collecting property taxes.

#### Note 15 - Budgetary Data

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The District's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

#### Note 16 - Income Taxes

The District is exempt from income taxes under Internal Revenue Code Section 115, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B). The District had no unrelated business income tax liability for 2019 or 2018.

The Foundation is an organization generally exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

## Navarro College District

### Notes to Financial Statements (continued)

#### Note 17 - Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects any such amounts to be immaterial.

#### Note 18 - Grants and Contracts

Contract and grant revenues are recognized in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. For contract and grant awards, funds expended but not collected are reported as accounts receivable in the accompanying Statements of Net Position. Contract and grant awards that are not yet funded and for which the District has not yet performed services are not included in the financial statements.

#### Note 19 - Business Concentrations

The District generally serves a limited geographic area in Central Texas; consequently, it is impacted by the general economy of the area. Also, the District receives a substantial portion of its funding from federal and state sources; consequently, the District is dependent upon continued funding from these sources.

#### Note 20 - Transactions with Component Unit

The Foundation made contributions to the District in the amount of \$524,283 in fiscal year 2019, including scholarships of \$372,601, and \$151,682 in support of various other activities at the District. The Foundation made contributions to the District in the amount of \$406,937 in fiscal year 2018, including scholarships of \$239,972, and \$166,965 in support of various other activities at the District.

#### Note 21 - Authoritative Pronouncements Not Yet Adopted

GASB Statement No. 87, *Leases*. This statement was issued for implementation in fiscal year 2021.

#### Note 22 - Tax Abatements

The District is committed to the promotion of high quality development in all parts of Navarro County; and to ongoing improvement in the quality of life for its citizens. Insofar as these objectives are generally served by the enhancement and expansion of the local economy, the District will, on a case-by-case basis, give consideration to providing tax abatement as stimulation for economic development in Navarro County. It is the policy of the District to make available tax abatement for both new facilities and for the expansion or modernization of existing buildings or structures. For the purpose of establishing a policy on economic development incentives, and pursuant to Chapter 312 of the Texas Property Tax Code, the District is authorized to participate in tax abatement in Reinvestment Zones designated by the City of Corsicana and by Navarro County, and to enter into tax abatement agreements in all areas of Navarro County.

**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 22 - Tax Abatements (continued)**

The amount of ad valorem taxes abated for the year ended August 31, 2019 is \$631,482 in total for the following companies:

<u>Company</u>	<u>Assessed Valuation</u>	<u>Abatement</u>	<u>Property Tax Abated</u>
Guardian Industries Corp	\$ 5,213,110	\$ 1,975,210	\$ 21,871
Pactiv LLC	69,436,510	49,040,885	543,016
Russel Stover Candies Inc.	3,218,410	1,317,940	14,593
PolyGuard	9,392,740	4,696,370	52,002
Total	<u>\$ 87,260,770</u>	<u>\$ 57,030,405</u>	<u>\$ 631,482</u>

The amount of ad valorem taxes abated for the year ended August 31, 2018 is \$40,001 in total for the following companies:

<u>Company</u>	<u>Assessed Valuation</u>	<u>Abatement</u>	<u>Property Tax Abated</u>
Guardian Industries Corp	\$ 12,100,710	\$ 5,442,345	\$ 6,629
M Squared Oncology Leasing LLC	1,747,210	869,118	1,059
Muncaster Capital	1,885,480	770,865	939
Pactiv LLC	42,699,930	24,953,280	30,393
Russel Stover Candies Inc.	2,193,030	805,240	981
Total	<u>\$ 60,626,360</u>	<u>\$ 32,840,848</u>	<u>\$ 40,001</u>

The Board of Trustees has the authority to recapture all taxes abated in the event the taxpayer violates any term or condition of their tax abatement agreement.

**Note 23 - Subsequent Events**

The District has evaluated subsequent events from the date of the statements of net position through December 12, 2019, the date on which the financial statements were available to be issued, and has determined that there are no other items to disclose.



**REQUIRED SUPPLEMENTARY INFORMATION**

**Navarro College District**

**Schedule of the District's Proportionate Share of the Net Pension Liability**

**Teachers Retirement System of Texas**

**For the Last Five Measurement Years Ended August 31st**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0210995%	0.0209821%	0.0214610%	0.0224276%	0.0251149%
District's proportionate share of the net pension liability	\$11,613,681	\$ 6,708,957	\$ 8,109,789	\$ 7,927,858	\$ 6,708,538
State's proportionate share of the net pension liability associated with the District	<u>7,402,944</u>	<u>4,324,880</u>	<u>5,590,154</u>	<u>5,440,480</u>	<u>4,924,826</u>
Total	<u>\$19,016,625</u>	<u>\$11,033,837</u>	<u>\$13,699,943</u>	<u>\$13,368,338</u>	<u>\$ 11,633,364</u>
District's covered payroll (for Measurement Year)	\$16,665,963	\$16,064,631	\$16,685,062	\$16,418,480	\$ 16,125,155
District's proportionate share of the net pension liability as a percentage of it's covered payroll	69.7%	41.8%	48.6%	48.3%	41.6%
Plan fiduciary net position as a percentage of the total pension liability*	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered-employee payroll*	126.11%	75.93%	92.75%	91.94%	72.89%

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2014. Net pension liability and related ratios will be presented prospectively as data becomes available.

\* Per TRS' CAFR

**Navarro College District**

**Schedule of District Contributions**

**Teachers Retirement System of Texas**

**For the Last Six Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 660,787	\$ 630,439	\$ 687,672	\$ 681,870	\$ 656,368
Contributions in relation to the contractual required contributions	<u>660,787</u>	<u>630,439</u>	<u>687,672</u>	<u>681,870</u>	<u>656,368</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 17,389,423	\$ 16,665,963	\$ 16,064,631	\$ 16,685,062	\$ 16,418,480
Contributions as a percentage of covered payroll	3.80%	3.78%	4.28%	4.09%	4.00%
	<u>2014</u>				
Contractually required contributions	<u>\$ 636,733</u>				
Contributions in relation to the contractual required contributions	<u>636,733</u>				
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered payroll	\$ 16,125,155				
Contributions as a percentage of covered payroll	3.95%				

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2013. Additional years will be presented prospectively as data becomes available.

## **Navarro College District**

### **Notes to Required Supplementary Information - Pension**

**Year Ended August 31, 2019**

#### **Notes to Required Supplementary Information - Pension**

##### **Changes of Assumptions**

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

##### **Changes in Benefit Terms**

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

**Navarro College District**

**Schedule of the District's Proportionate Share of the Net OPEB Liability**

**Employee Retirement System of Texas - State Retiree Health Plan**

**For the Last Two Measurement Years Ended August 31st**

	<b>2018</b>	<b>2017</b>
District's proportion of the net OPEB liability	0.08840775%	0.04959155%
District's proportionate share of the net OPEB liability	\$ 26,202,062	\$16,897,335
State's proportionate share of the net OPEB liability associated with the District	17,521,512	13,828,416
Total	\$ 43,723,574	\$30,725,751
District's covered payroll (for Measurement Year)	\$ 19,818,994	\$19,360,250
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	132.2%	87.3%
Plan fiduciary net position as a percentage of the total OPEB liability*	1.27%	2.04%

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2017. Net OPEB liability and related ratios will be presented prospectively as data becomes available.

\* Per ERS' CAFR

**Navarro College District**

**Schedule of District Contributions**

**Employee Retirement System of Texas - State Retiree Health Plan**

**For the Last Three Fiscal Years Ended August 31st**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 164,435	\$ 489,694	\$ 466,638
Contributions in relation to the contractual required contributions	<u>164,435</u>	<u>489,694</u>	<u>466,638</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 19,470,653	\$ 19,818,994	\$ 19,360,250
Contributions as a percentage of covered payroll	0.84%	2.47%	2.41%

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2017. Additional years will be presented prospectively as data becomes available.

## **Navarro College District**

### **Notes to Required Supplementary Information - OPEB**

**Year Ended August 31, 2019**

#### **Changes in Benefit Terms**

Under Q/A #4.107 of GASB's Implementation Guide No. 2017-2, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, any plan changes that have been adopted and communicated to plan members by the time the valuation is prepared must be included in the valuation. Accordingly, this valuation reflects the benefit changes that will become effective January 1, 2019, since these changes were communicated to plan members in advance of the preparation of this report. The only benefit change for fiscal year 2019 for HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from \$6,550 to \$6,650 for individuals and from \$13,100 to \$13,300 for families in order to remain consistent with Internal Revenue Service maximums. This minor benefit change is provided for in the fiscal year 2019 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

#### **Changes in Actuarial Assumptions**

Since the last valuation was prepared for this plan, demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members have been updated to reflect assumptions recently adopted by the Teacher Retirement System (TRS) Trustees. These new assumptions were adopted to reflect an experience study on the TRS retirement plan performed by the TRS retirement plan actuary.

In addition, assumed Expenses, assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost, Retiree Contribution and Expense trends have been updated to reflect recent experience and its effects on our short-term expectations. Furthermore, (a) the percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence and (b) the percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.

Lastly, the discount rate assumption was increased from 3.51% to 3.96% as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20- year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

## Navarro College District

### Notes to Required Supplementary Information – OPEB

Year Ended August 31, 2019

#### Changes in Demographic Assumptions

Since the last valuation was prepared for this plan, demographic assumptions (including rates of retirement, disability, termination, and mortality, assumed salary increases and assumed age difference for future retirees and their spouses for selected classes of State Agency employees), assumed aggregate payroll increases and the assumed rate of general inflation have been updated to reflect assumptions recently adopted by the ERS Trustees. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary. In addition, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees covering dependent children
- Percentage of future retirees assumed to be married and electing coverage for their spouse.

#### Changes in Economic Assumptions

The assumed rate of general inflation has been updated since the previous valuation to remain consistent with the ERS retirement plan assumption previously adopted by the ERS Trustees. Assumptions for Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost, Retiree Contribution and Expense trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations and the revised assumed rate of general inflation. The discount rate was lowered as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher. Minor benefit changes have been reflected in the FY 2018 Assumed Per Capita Health Benefit Costs. Actuarial assumption changes are described in ERS's Comprehensive Annual Financial Report and the ERS Actuarial Valuation Report for the year ended August 31, 2017, which can be accessed at:

<https://www.ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management/2017-CAFR.pdf>

<https://www.ers.texas.gov/About-ERS/Reports-and-Studies/ERS-Actuarial-Valuation-Reports/2017-ERS-OPEB-Valuation-Report-November-2017.pdf>

**SUPPLEMENTARY INFORMATION**

## Navarro College District

### Schedule of Operating Revenues (Schedule A)

**Year Ended August 31, 2019  
(With Totals for the Year Ended August 31, 2018)**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	Total	
					2019	2018
Tuition and fees:						
State funded credit courses:						
In-district resident tuition	\$ 1,037,292	\$ -	\$ 1,037,292	\$ -	\$ 1,037,292	\$ 1,086,693
Out-of-district resident tuition	5,740,508	-	5,740,508	-	5,740,508	5,823,456
Non-resident tuition	340,005	-	340,005	-	340,005	471,128
TPEG - credit (set aside)	418,267	-	418,267	-	418,267	420,305
State funded continuing education	555,394	-	555,394	-	555,394	709,186
TPEG - non-credit (set aside)	42,312	-	42,312	-	42,312	34,973
Non-state funded educational programs	26,045	-	26,045	-	26,045	28,007
Total tuition	<u>8,159,823</u>	<u>-</u>	<u>8,159,823</u>	<u>-</u>	<u>8,159,823</u>	<u>8,573,748</u>
Fees:						
Building use fees	4,082,169	-	4,082,169	-	4,082,169	4,271,589
Student services fees	2,239,903	-	2,239,903	-	2,239,903	2,151,638
Laboratory fees	305,091	-	305,091	-	305,091	326,505
Out-of-district fees	5,300,687	-	5,300,687	-	5,300,687	5,414,730
Other fees	470,870	-	470,870	-	470,870	229,095
Total fees	<u>12,398,720</u>	<u>-</u>	<u>12,398,720</u>	<u>-</u>	<u>12,398,720</u>	<u>12,393,557</u>
Scholarship allowances and discounts:						
Scholarship allowance	(5,477,548)	-	(5,477,548)	-	(5,477,548)	(5,584,298)
TPEG awards	(276,276)	-	(276,276)	-	(276,276)	(181,695)
Total scholarship allowances	<u>(5,753,824)</u>	<u>-</u>	<u>(5,753,824)</u>	<u>-</u>	<u>(5,753,824)</u>	<u>(5,765,993)</u>
Total net tuition and fees	<u>14,804,719</u>	<u>-</u>	<u>14,804,719</u>	<u>-</u>	<u>14,804,719</u>	<u>15,201,312</u>
Additional operating revenues:						
Sales and services of educational activities	540,312	-	540,312	-	540,312	552,267
Other operating revenues	170,263	-	170,263	-	170,263	267,904
Total additional operating revenues	<u>710,575</u>	<u>-</u>	<u>710,575</u>	<u>-</u>	<u>710,575</u>	<u>820,171</u>
Auxiliary enterprises:						
Bookstore	-	-	-	3,469,940	3,469,940	3,907,752
less discounts	-	-	-	(1,132,598)	(1,132,598)	(1,134,994)
Dining services	-	-	-	2,417,528	2,417,528	2,382,531
less discounts	-	-	-	(690,538)	(690,538)	(691,999)
Housing	-	-	-	2,244,296	2,244,296	2,217,783
less discounts	-	-	-	(642,788)	(642,788)	(644,148)
Athletic sales and student programs	-	-	-	10,509	10,509	13,926
Gift shop	-	-	-	5,172	5,172	6,392
Other auxiliary enterprises	-	-	-	19,866	19,866	16,458
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,701,386</u>	<u>5,701,386</u>	<u>6,073,701</u>
Total operating revenues	<u>\$ 15,515,294</u>	<u>\$ -</u>	<u>\$ 15,515,294</u>	<u>\$ 5,701,386</u>	<u>\$ 21,216,680</u>	<u>\$ 22,095,184</u>

In accordance with Education Code 56.033, \$460,579 and \$455,278 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended August 31, 2019 and 2018 respectively.

See accompanying independent auditors' report.

**Navarro College District**

**Schedule of Operating Expenses by Object  
(Schedule B)**

**Year Ended August 31, 2019  
(With Totals for the Year Ended August 31, 2018)**

	Operating Expenses				Total	
	Salaries and Wages	Benefits		Other Expenses	2019	2018
		State	Local			
<b>Unrestricted - educational activities:</b>						
Instruction	\$ 12,439,956	\$ -	\$ 4,571,017	\$ 1,107,864	\$ 18,118,837	\$17,344,028
Public service	16,550	-	10,991	3,176	30,717	39,324
Academic support	1,949,658	-	811,370	271,623	3,032,651	3,142,192
Student services	2,553,542	-	959,064	599,081	4,111,687	3,947,807
Institutional support	3,741,115	-	1,383,449	1,842,853	6,967,417	7,024,328
Operation and maintenance of plant	842,469	-	297,977	2,896,494	4,036,940	4,121,432
Total unrestricted educational activities	<u>21,543,290</u>	<u>-</u>	<u>8,033,868</u>	<u>6,721,091</u>	<u>36,298,249</u>	<u>35,619,111</u>
<b>Restricted - educational activities:</b>						
Instruction	529,102	1,056,284	75,340	682,481	2,343,207	2,457,821
Public service	218,320	1,405	64,204	31,871	315,800	311,773
Academic support	-	165,547	-	-	165,547	179,132
Student services	374,331	216,823	111,771	86,302	789,227	804,535
Institutional support	-	317,660	-	39,719	357,379	364,410
Operation and maintenance of plant	-	71,535	-	-	71,535	67,756
Scholarships and fellowships	-	-	-	7,874,880	7,874,880	8,330,076
Total restricted educational activities	<u>1,121,753</u>	<u>1,829,254</u>	<u>251,315</u>	<u>8,715,253</u>	<u>11,917,575</u>	<u>12,515,503</u>
Total educational activities	<u>22,665,043</u>	<u>1,829,254</u>	<u>8,285,183</u>	<u>15,436,344</u>	<u>48,215,824</u>	<u>48,134,614</u>
<b>Auxiliary enterprises</b>	<u>1,958,337</u>	<u>-</u>	<u>504,262</u>	<u>8,080,225</u>	<u>10,542,824</u>	<u>10,132,772</u>
<b>Depreciation expense:</b>						
Buildings and other improvements	-	-	-	1,584,375	1,584,375	1,578,131
Equipment and furniture	-	-	-	796,893	796,893	439,156
Library books	-	-	-	34,397	34,397	42,388
Total depreciation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,415,665</u>	<u>2,415,665</u>	<u>2,059,675</u>
Total operating expenses	<u>\$ 24,623,380</u>	<u>\$ 1,829,254</u>	<u>\$ 8,789,445</u>	<u>\$ 25,932,234</u>	<u>\$ 61,174,313</u>	<u>\$ 60,327,061</u>

See accompanying independent auditors' report.

**Navarro College District**

**Schedule of Non-Operating Revenues and Expenses  
(Schedule C)**

**Year Ended August 31, 2019  
(With Totals for the Year Ended August 31, 2018)**

	Unrestricted	Restricted	Auxiliary Enterprises	Total	
				2019	2018
<b>Nonoperating revenues:</b>					
State appropriations:					
Education and general state support	\$ 14,083,862	\$ -	\$ -	\$ 14,083,862	\$ 14,092,865
State group insurance	-	1,829,253	-	1,829,253	1,808,527
State retirement matching	-	728,278	-	728,278	1,189,642
Total state appropriations	14,083,862	2,557,531	-	16,641,393	17,091,034
Maintenance ad valorem taxes	4,225,699	-	-	4,225,699	3,980,582
Federal grants and contracts	-	15,439,330	-	15,439,330	16,250,333
State grants and contracts	-	1,234,927	-	1,234,927	1,238,978
Local grants and contracts	-	243,494	-	243,494	277,015
Investment income	141,424	7,556	4,066	153,046	123,628
Gifts and donations	-	1,041,306	-	1,041,306	926,182
Other nonoperating revenues	488,128	-	-	488,128	110,803
Total nonoperating revenues	18,939,113	20,524,144	4,066	39,467,323	39,998,555
<b>Nonoperating expenses:</b>					
Interest on capital related debt	795,413	-	-	795,413	833,854
Other nonoperating expenses	55,466	-	-	55,466	33,684
Total nonoperating expenses	850,879	-	-	850,879	867,538
Net nonoperating revenues	\$ 18,088,234	\$ 20,524,144	\$ 4,066	\$ 38,616,444	\$ 39,131,017

See accompanying independent auditors' report.

**Navarro College District**

**Schedule of Net Position by Source and Availability  
(Schedule D)**

**Year Ended August 31, 2019**

	Detail by Source				Available for Current Operation	
	Unrestricted	Restricted - Expendable	Net Investment in		Yes	No
			Capital Assets	Total		
Current:						
Unrestricted	\$ (18,271,316)	\$ -	\$ -	\$ (18,271,316)	\$ (18,271,316)	\$ -
Auxiliary	2,567,691	-	-	2,567,691	2,567,691	-
Scholarships and fellowships	-	2,033,708	-	2,033,708	-	2,033,708
Plant:						
Debt service	-	448,682	-	448,682	-	448,682
Investment in plant	-	-	40,746,545	40,746,545	-	40,746,545
 Total net position, August 31, 2019	 (15,703,625)	 2,482,390	 40,746,545	 27,525,310	 (15,703,625)	 43,228,935
 Total net position, August 31, 2018	 (13,846,618)	 2,373,273	 40,339,844	 28,866,499	 (13,846,618)	 42,713,117
 Net increase (decrease) in net position	 <u>\$ (1,857,007)</u>	 <u>\$ 109,117</u>	 <u>\$ 406,701</u>	 <u>\$ (1,341,189)</u>	 <u>\$ (1,857,007)</u>	 <u>\$ 515,818</u>

See accompanying independent auditors' report.

**Navarro College District**

**Schedule of Expenditures of Federal Awards  
(Schedule E)**

**Year Ended August 31, 2019**

Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor Number	Federal Expenditures
<b>U.S. Department of Education</b>			
<b>Direct Programs:</b>			
<i>TRIO - Student Support Services</i>	84.042A		\$ 411,835
<b>Student Financial Assistance Cluster:</b>			
<i>Federal Supplemental Education Opportunity Grant Program</i>	84.007		205,000
<i>Federal Work Study Program</i>	84.033		179,017
<i>Federal Pell Grant Program</i>	84.063		13,309,210
<i>Federal Direct Student Loans</i>	84.268		<u>12,853,387</u>
<b>Total Student Financial Assistance Cluster</b>			<u>26,546,614</u>
<b>Pass Through From Texas Workforce Commission:</b>			
<i>Adult Education &amp; Family Literacy Act (AEFLA)-Combined Funds Year 2 combined</i>	84.002A	0416AELB02	27,026
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Fed Year 3</i>	84.002A	0416AEL002	514
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Fed Year 1</i>	84.002A	0418ALA001	561,767
<i>Adult Education &amp; Family Literacy Act (AEFLA) - EL Civics Y3</i>	84.002A	0416AEL002	1,840
<i>Adult Education &amp; Family Literacy Act (AEFLA) - EL Civics Y1</i>	84.002A	0418ALA001	40,995
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Professional Development Y3</i>	84.002A	0416AEL002	616
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Professional Development Y1</i>	84.002A	0418ALA001	<u>14,241</u>
<b>Total Pass Through From Texas Workforce Commission</b>			<u>646,999</u>
<b>Pass Through From Texas Higher Education Coordinating Board:</b>			
<i>Vocational Education - Carl Perkins</i>	84.048A	19226-18	<u>463,882</u>
<b>Total Pass Through From Texas Higher Education Coordinating Board</b>			<u>463,882</u>
<b>Total U. S. Department of Education</b>			<u>\$ 28,069,330</u>

**Navarro College District**

**Schedule of Expenditures of Federal Awards  
(Schedule E)  
(Continued)**

<u>Grantor/Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Federal Expenditures</u>
<b>U. S. Small Business Administration</b>			
<b>Pass Through From Dallas County Community College District:</b>			
<i>Small Business Development Center</i>	59.037	SBAHQ-17-B-0002	\$ 142,245
<i>Small Business Development Center</i>	59.037	SBAHQ-18-B-0005	<u>26,964</u>
<b>Total U. S. Small Business Administration</b>			<u>169,209</u>
<b>U. S. Department of Health and Human Services</b>			
<b>Pass Through From Texas Workforce Commission:</b>			
<i>Temporary Assistance for Needy Families Y1</i>	93.558	0418ALA001	<u>54,178</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>54,178</u>
<b>Total Federal Awards</b>			<u>\$ 28,292,717</u>

See accompanying independent auditors' report and notes to schedule of expenditures of federal awards.

**Navarro College District**

**Notes to Schedule of Expenditures of Federal Awards**

**Year Ended August 31, 2019**

**Note 1 - Federal Revenue Reconciliation**

Federal revenues for the year ended August 31, 2019 are reported in the basic financial statements as follows:

Federal grants and contracts per Exhibit C	\$ 15,439,330
Add: Federal Direct Student Loans made	<u>12,853,387</u>
Total per Schedule of Expenditures of Federal Awards	<u>\$ 28,292,717</u>

**Note 2 - Basis of Presentation**

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

**Note 3 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the *Uniform Guidance*.

**Navarro College District**

**Schedule of Expenditures of State Awards  
(Schedule F)**

**Year Ended August 31, 2019**

<b>Grantor/Pass-Through Grantor/ Program Title</b>	<b>Grant Contract Number</b>	<b>Indirect Costs and Expenditures</b>
<b>Texas Higher Education Coordinating Board</b>		
<b>Direct Programs:</b>		
<i>Texas Education Opportunity Grant</i>		\$ 656,035
<i>Texas Tomorrow Fund</i>		84,144
<i>Texas Promise Fund</i>		7,154
<i>The Graduate Texas Program</i>		42,699
<i>Texas Science, Technology, Engineering, and Math Challenge Scholarship Program</i>	16905	<u>20,647</u>
<b>Total Texas Higher Education Coordinating Board</b>		<u>810,679</u>
<b>Texas Workforce Commission</b>		
<b>Direct Programs:</b>		
<i>Adult Education &amp; Family Literacy Act (AEFLA) State YRI</i>	0418ALA001	129,049
<i>Skills Development - Mfg Consortium-Owens</i>	0417SDF001	<u>183,994</u>
<b>Total Texas Workforce Commission</b>		<u>313,043</u>
<b>Small Business Administration</b>		
<b>Pass Through From Dallas County Community College District:</b>		
<i>Small Business Development Center</i>	SBAHQ-18-B-0005	4,558
<i>Small Business Development Center</i>	SBAHQ-17-B-0002	<u>106,647</u>
<b>Total Small Business Administration</b>		<u>111,205</u>
<b>Total State Awards</b>		<u>\$ 1,234,927</u>

See accompanying independent auditors' report and notes to schedule of expenditures of state awards.

## Navarro College District

### Notes to Schedule of Expenditures of State Awards

Year Ended August 31, 2019

#### Note 1 - State Revenue Reconciliation

State revenues for the year ended August 31, 2019 are reported in the basic financial statements as follows:

State grants and contracts per Exhibit C	<u>\$ 1,234,927</u>
Total per Schedule of Expenditures of State Awards	<u>\$ 1,234,927</u>

#### Note 2 - Basis of Presentation

The accompanying Schedule of Expenditures of State Awards includes the state grant activity of the District under programs of the state government for the year ended August 31, 2019. The information in this Schedule is presented in accordance with the requirements of the *State of Texas Single Audit Circular (Uniform Grant Management Standards)* contained in the State's *Uniform Grant Management Standards*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

#### Note 3 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the State's *Uniform Grant Management Standards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

See accompanying independent auditors' report and notes to schedule of expenditures of state awards.

## STATISTICAL SECTION

### **Financial Trends Information**

*These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.*

- Net Position by Component
- Revenues by Source
- Expenses by Function and Changes in Net Position

### **Revenue Capacity Information**

*These schedules contain information to help the reader assess the factors affecting the District's ability to generate its primary revenues.*

- Tuition and Fees
- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Taxpayers
- Property Tax Levies and Collections

### **Debt Capacity Information**

*These schedules present information to help the reader assess the affordability of the District's current levels of debt and the District's ability to issue additional debt in the future.*

- Ratios of Outstanding Debt
- Legal Debt Margin Information
- Pledged Revenue Coverage

### **Demographic and Economic Information**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with each other.*

- Demographic and Economic Statistics
- Principal Employers

### **Operating Information**

*These schedules contain other information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.*

- State Appropriation per Full-Time Student Equivalents and Contact Hour Faculty, Staff, and Administrators Statistics
- Enrollment Details
- Student Profile
- Transfers to Senior Institutions
- Capital Asset Information

## Navarro College District

### Net Position by Component Last Ten Fiscal Years (Unaudited)

	August 31,			
	<u>2019</u>	<u>2018</u>	<u>2017 (3)</u>	<u>2016</u>
Net investment in capital assets	\$ 40,746,545	\$ 40,339,844	\$ 39,660,444	\$ 38,280,836
Restricted	2,482,390	2,373,273	2,132,341	2,295,108
Unrestricted	<u>(15,703,625)</u>	<u>(13,846,618)</u>	<u>(13,825,426)</u>	<u>4,384,898</u>
Total net position	<u>\$ 27,525,310</u>	<u>\$ 28,866,499</u>	<u>\$ 27,967,359</u>	<u>\$ 44,960,842</u>

(1) Fiscal years 2013, 2012, and 2011 were restated for implementation of GASBS No. 65

(2) Fiscal year 2014 was restated for implementation of GASBS No. 68 and No. 71

(3) Fiscal year 2017 was restated for implementation of GASBS No. 75

**Source:** Navarro College District's financial statements

**Table 1**

August 31,					
<u>2015</u>	<u>2014 (2)</u>	<u>2013 (1)</u>	<u>2012 (1)</u>	<u>2011 (1)</u>	<u>2010</u>
\$ 37,553,998	\$ 35,321,947	\$ 32,024,197	\$ 26,918,301	\$ 25,643,850	\$ 23,238,115
2,447,086	2,372,830	2,901,585	2,963,556	3,018,291	3,007,776
<u>4,623,822</u>	<u>2,542,212</u>	<u>13,317,142</u>	<u>14,460,428</u>	<u>11,114,303</u>	<u>10,190,160</u>
<u>\$ 44,624,906</u>	<u>\$ 40,236,989</u>	<u>\$ 48,242,924</u>	<u>\$ 44,342,285</u>	<u>\$ 39,776,444</u>	<u>\$ 36,436,051</u>

**Navarro College District**

**Revenues by Source  
Last Ten Fiscal Years  
(Unaudited)**

	For the Year Ended August 31,			
	2019	2018	2017	2016
Tuition and fees (net of discounts)	\$ 14,804,719	\$ 15,201,312	\$ 16,982,906	\$ 16,205,416
Sales and services of educational activities	540,312	552,267	492,709	451,427
Auxiliary enterprises (net of discounts)	5,701,386	6,073,701	7,024,329	7,044,650
Other operating revenues	170,263	267,904	217,531	196,380
Total operating revenues	<u>21,216,680</u>	<u>22,095,184</u>	<u>24,717,475</u>	<u>23,897,873</u>
State appropriations	16,641,393	17,091,034	17,690,587	17,758,716
Ad valorem taxes for maintenance and operations	4,225,699	3,980,582	3,645,253	3,553,400
Federal grants and contracts	15,439,330	16,250,333	15,292,945	17,463,377
State grants and contracts	1,234,927	1,238,978	1,361,855	1,432,635
Local grants and contracts	243,494	277,015	103,202	81,545
Investment income	153,046	123,628	102,303	93,031
Gifts	1,041,306	926,182	903,810	856,846
Other non-operating revenues	432,662	77,119	157,019	221,698
Total non-operating revenues	<u>39,411,857</u>	<u>39,964,871</u>	<u>39,256,974</u>	<u>41,461,248</u>
Total revenues	<u>\$ 60,628,537</u>	<u>\$ 62,060,055</u>	<u>\$ 63,974,449</u>	<u>\$ 65,359,121</u>
Tuition and fees (net of discounts)	24.42%	24.49%	26.55%	24.79%
Sales and services of educational activities	0.89%	0.89%	0.77%	0.69%
Auxiliary enterprises (net of discounts)	9.40%	9.79%	10.98%	10.78%
Other operating revenues	0.28%	0.43%	0.34%	0.30%
Total operating revenues	<u>34.99%</u>	<u>35.60%</u>	<u>38.64%</u>	<u>36.56%</u>
State appropriations	27.45%	27.54%	27.65%	27.17%
Ad valorem property taxes for maintenance and operations	6.97%	6.41%	5.70%	5.44%
Federal grants and contracts	25.47%	26.18%	23.90%	26.72%
State grants and contracts	2.04%	2.00%	2.13%	2.19%
Local grants and contracts	0.40%	0.45%	0.16%	0.12%
Investment income	0.25%	0.20%	0.16%	0.14%
Gifts	1.72%	1.49%	1.41%	1.31%
Other non-operating revenues	0.71%	0.12%	0.25%	0.34%
Total non-operating revenues	<u>65.01%</u>	<u>64.40%</u>	<u>61.36%</u>	<u>63.44%</u>
Total non-operating revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

(1) Fiscal years 2013 and 2012 were restated for implementation of GASBS No. 65.

Source: Navarro College District's financial statements

Table 2

For the Year Ended August 31,					
2015	2014	2013 (1)	2012 (1)	2011	2010
\$ 17,535,426	\$ 14,029,788	\$ 14,202,493	\$ 15,014,906	\$ 13,759,423	\$ 13,325,558
474,901	521,857	508,065	448,874	421,584	373,842
7,186,797	7,779,024	8,035,390	8,390,017	8,027,928	7,773,268
243,507	155,344	182,078	129,911	100,877	98,943
<u>25,440,631</u>	<u>22,486,013</u>	<u>22,928,026</u>	<u>23,983,708</u>	<u>22,309,812</u>	<u>21,571,611</u>
18,332,879	18,288,097	17,919,724	17,530,761	16,383,691	16,719,942
3,533,309	3,359,627	3,301,143	3,228,761	3,122,756	2,988,424
22,684,063	22,588,765	23,451,372	24,701,880	27,228,331	22,755,722
2,352,975	2,083,489	1,668,721	1,339,234	1,911,420	1,575,161
76,322	94,685	63,216	78,135	124,667	122,593
93,269	129,125	160,404	146,902	153,555	193,952
867,114	1,414,538	975,840	834,579	762,018	635,150
813,949	349,148	291,260	62,511	64,560	479,948
<u>48,753,880</u>	<u>48,307,474</u>	<u>47,831,680</u>	<u>47,922,763</u>	<u>49,750,998</u>	<u>45,470,892</u>
<u>\$ 74,194,511</u>	<u>\$ 70,793,487</u>	<u>\$ 70,759,706</u>	<u>\$ 71,906,471</u>	<u>\$ 72,060,810</u>	<u>\$ 67,042,503</u>
23.63%	19.82%	20.07%	20.88%	19.09%	19.88%
0.64%	0.74%	0.72%	0.62%	0.59%	0.56%
9.69%	10.99%	11.36%	11.67%	11.14%	11.59%
<u>0.33%</u>	<u>0.22%</u>	<u>0.26%</u>	<u>0.18%</u>	<u>0.14%</u>	<u>0.15%</u>
<u>34.29%</u>	<u>31.76%</u>	<u>32.40%</u>	<u>33.35%</u>	<u>30.96%</u>	<u>32.18%</u>
24.71%	25.83%	25.32%	24.38%	22.74%	24.94%
4.76%	4.75%	4.67%	4.49%	4.33%	4.46%
30.57%	31.91%	33.14%	34.35%	37.79%	33.94%
3.17%	2.94%	2.36%	1.86%	2.65%	2.35%
0.10%	0.13%	0.09%	0.11%	0.17%	0.18%
0.13%	0.18%	0.23%	0.20%	0.21%	0.29%
1.17%	2.00%	1.38%	1.16%	1.06%	0.95%
1.10%	0.49%	0.41%	0.09%	0.09%	0.72%
<u>65.71%</u>	<u>68.24%</u>	<u>67.60%</u>	<u>66.65%</u>	<u>69.04%</u>	<u>67.82%</u>
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

**Navarro College District**

**Expenses by Function and Changes in Net Position  
Last Ten Fiscal Years  
(Unaudited)**

	For the Year Ended August 31,			
	2019	2018	2017	2016
Instruction	\$ 20,462,044	\$ 19,801,849	\$ 19,545,759	\$ 20,148,443
Public service	346,517	351,097	331,537	289,941
Academic support	3,198,198	3,321,324	3,123,899	3,588,737
Student services	4,900,914	4,752,342	4,540,335	4,550,759
Institutional support	7,324,796	7,388,738	7,899,625	8,221,330
Operation and maintenance of plant	4,108,475	4,189,188	4,013,560	3,774,689
Scholarships and fellowships	7,874,880	8,330,076	9,879,276	11,467,584
Auxiliary enterprises	10,542,824	10,132,772	8,904,115	9,833,242
Depreciation	2,415,665	2,059,675	2,081,025	2,120,128
Total operating expenses	<u>61,174,313</u>	<u>60,327,061</u>	<u>60,319,131</u>	<u>63,994,853</u>
Interest on capital related debt	795,413	833,854	924,665	1,028,332
Total non-operating expenses	<u>795,413</u>	<u>833,854</u>	<u>924,665</u>	<u>1,028,332</u>
 Total expenses	 <u>\$ 61,969,726</u>	 <u>\$ 61,160,915</u>	 <u>\$ 61,243,796</u>	 <u>\$ 65,023,185</u>
 Special item	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Change in net position	 <u>\$ (1,341,189)</u>	 <u>\$ 899,140</u>	 <u>\$ 2,730,653</u>	 <u>\$ 335,936</u>
 Instruction	33.02%	32.38%	31.91%	30.99%
Public service	0.56%	0.57%	0.54%	0.45%
Academic support	5.16%	5.43%	5.10%	5.52%
Student services	7.91%	7.77%	7.41%	7.00%
Institutional support	11.82%	12.08%	12.90%	12.64%
Operation and maintenance of plant	6.63%	6.85%	6.55%	5.81%
Scholarships and fellowships (net of discounts)	12.71%	13.62%	16.13%	17.64%
Auxiliary enterprises	17.01%	16.57%	14.54%	15.12%
Depreciation	3.90%	3.37%	3.40%	3.26%
Total operating expenses	<u>98.72%</u>	<u>98.64%</u>	<u>98.49%</u>	<u>98.42%</u>
Interest on capital related debt	1.28%	1.36%	1.51%	1.58%
Total non-operating expenses	<u>1.28%</u>	<u>1.36%</u>	<u>1.51%</u>	<u>1.58%</u>
 Total expenses	 <u>100.00%</u>	 <u>100.00%</u>	 <u>100.00%</u>	 <u>100.00%</u>

(1) Fiscal years 2013 and 2012 were restated for implementation of GASBS No. 65

**Source:** Navarro College District's financial statements

Table 3

For the Year Ended August 31,					
2015	2014	2013 (1)	2012 (1)	2011	2010
\$ 21,368,604	\$ 20,213,672	\$ 19,104,050	\$ 17,799,800	\$ 18,167,513	\$ 17,540,069
279,188	275,807	270,869	281,184	228,891	194,113
3,475,922	3,972,411	3,748,138	3,486,597	3,579,175	3,436,714
4,245,023	4,360,373	4,608,363	4,031,791	3,677,010	3,838,251
7,101,168	6,998,131	6,144,442	5,191,112	5,022,776	5,054,143
3,840,350	3,748,746	4,030,618	4,122,473	4,582,981	3,743,411
15,670,742	16,571,886	15,761,613	16,955,799	17,996,557	16,350,302
10,609,202	11,825,269	11,504,077	12,088,998	11,880,415	10,082,097
2,142,219	1,997,893	1,968,446	1,855,608	1,703,928	1,574,211
<u>68,732,418</u>	<u>69,964,188</u>	<u>67,140,616</u>	<u>65,813,362</u>	<u>66,839,246</u>	<u>61,813,311</u>
1,074,176	1,234,432	1,257,512	1,527,268	1,493,617	1,486,718
<u>1,074,176</u>	<u>1,234,432</u>	<u>1,257,512</u>	<u>1,527,268</u>	<u>1,493,617</u>	<u>1,486,718</u>
<u>\$ 69,806,594</u>	<u>\$ 71,198,620</u>	<u>\$ 68,398,128</u>	<u>\$ 67,340,630</u>	<u>\$ 68,332,863</u>	<u>\$ 63,300,029</u>
-	-	1,539,061	-	-	-
<u>\$ 4,387,917</u>	<u>\$ (405,133)</u>	<u>\$ 2,361,578</u>	<u>\$ 3,727,947</u>	<u>\$ 3,742,474</u>	<u>\$ 2,379,646</u>
30.61%	28.39%	27.93%	26.43%	26.59%	27.71%
0.40%	0.39%	0.40%	0.42%	0.33%	0.31%
4.98%	5.58%	5.48%	5.18%	5.24%	5.43%
6.08%	6.12%	6.74%	5.99%	5.38%	6.06%
10.17%	9.83%	8.98%	7.71%	7.35%	7.98%
5.50%	5.27%	5.89%	6.12%	6.71%	5.91%
22.45%	23.28%	23.04%	25.18%	26.34%	25.83%
15.20%	16.61%	16.82%	17.95%	17.39%	15.93%
<u>3.07%</u>	<u>2.81%</u>	<u>2.88%</u>	<u>2.76%</u>	<u>2.49%</u>	<u>2.49%</u>
<u>98.46%</u>	<u>98.27%</u>	<u>98.16%</u>	<u>97.73%</u>	<u>97.81%</u>	<u>97.65%</u>
1.54%	1.73%	1.84%	2.27%	2.19%	2.35%
<u>1.54%</u>	<u>1.73%</u>	<u>1.84%</u>	<u>2.27%</u>	<u>2.19%</u>	<u>2.35%</u>
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

**Navarro College District**

**Tuition and Fees  
Last Ten Academic Years  
(Unaudited)**

**Resident Students (1)**

Fiscal Year (Fall)	Tuition		Matriculation Fee	Building Use Fee
	In-District	Out-of-District		
2019	\$ 540	\$ 1,224	\$ 17	\$ 372
2018	504	1,116	14	336
2017	504	1,092	14	336
2016	480	1,020	14	312
2015	444	972	14	288
2014	432	852	11	228
2013	432	840	11	228
2012	432	840	11	216
2011	420	828	11	216
2010	384	768	11	204

Vehicle Registration Fee	Technology Fee	Total Cost		Increase from Prior Year		Semester Credit Hours
		In-District	Out-of-District	In-District	Out-of-District	
\$ 19	\$ 156	\$ 1,104	\$ 1,788	12.88%	12.45%	13,200
16	108	978	1,590	1.24%	2.32%	13,620
16	96	966	1,554	8.17%	8.44%	13,477
15	72	893	1,433	7.20%	5.29%	14,088
15	72	833	1,361	21.43%	23.06%	16,129
15	-	686	1,106	0.00%	1.10%	17,399
15	-	686	1,094	2.54%	1.58%	19,659
10	-	669	1,077	1.83%	1.13%	19,463
10	-	657	1,065	7.88%	7.25%	20,481
10	-	609	993	2.01%	2.48%	20,602

**Navarro College District**

**Tuition and Fees  
Last Ten Academic Years  
(Continued)**

**Non-Resident Students (1)**

<u>Fiscal Year (Fall)</u>	<u>Tuition</u>	<u>Out-of-District Fee</u>	<u>Matriculation Fee</u>	<u>Building Use Fee</u>
2019	\$ 1,356	\$ 576	\$ 17	\$ 372
2018	1,248	528	14	336
2017	1,188	516	14	336
2016	1,140	480	14	312
2015	1,080	468	14	288
2014	1,044	408	11	228
2013	1,044	408	11	228
2012	972	396	11	216
2011	972	396	11	216
2010	876	372	11	204

**Note:** Includes basic enrollment tuition and fees but excludes course based fees such as laboratory fees, testing fees and certification fees.

(1) Based on twelve semester credit hour load.

**Source:** Navarro College District Finance Department

**Table 4**  
**Page 2 of 2**

<u>Vehicle Registration Fee</u>	<u>Technology Fee</u>	<u>Total Cost</u>	<u>Increase from Prior Year</u>	<u>Semester Credit Hours</u>
\$ 19	\$ 156	\$ 2,496	10.93%	2,463
16	108	2,250	3.88%	2,463
16	96	2,166	6.54%	3,123
15	72	2,033	4.96%	3,519
15	72	1,937	13.54%	2,877
15	-	1,706	0.00%	3,366
15	-	1,706	6.29%	3,876
10	-	1,605	0.00%	3,852
10	-	1,605	8.96%	4,234
10	-	1,473	5.52%	3,531

**Navarro College District**

**Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Assessed Valuation of Property	Less: Abatement and Exemptions	Net Taxable Assessed Value
2019	\$ 3,648,741,269	\$ 197,099,255	\$ 3,451,642,014
2018	3,423,751,510	190,745,064	3,233,006,446
2017	3,232,166,233	186,096,906	3,046,069,327
2016	3,175,167,202	181,024,673	2,994,142,529
2015	3,083,281,070	165,743,597	2,917,537,473
2014	2,903,869,194	138,171,442	2,765,697,752
2013	2,870,855,246	96,595,879	2,774,259,367
2012	2,796,227,018	114,145,881	2,682,081,137
2011	2,731,703,393	116,531,309	2,615,172,084
2010	2,659,140,974	126,618,871	2,532,522,103

**Source:** Navarro County Tax Assessor - Collector

**Notes:** Property is assessed at full market value.  
Assessed value of taxable property by class of real and personal property is not available from the Navarro County Tax Assessor-Collector.

(1) per \$100 taxable assessed valuation

**Table 5**

Ratio of Taxable Value to Assessed Value	Estimated Actual Value	Direct Rates (1)		
		Maintenance and Operations	Debt Service	Total
94.60%	\$ 3,648,741,269	\$ 0.12180	\$ -	\$ 0.12180
94.43%	3,423,751,510	0.12180	-	0.12180
94.24%	3,232,166,233	0.11830	-	0.11830
94.30%	3,175,167,202	0.11830	-	0.11830
94.62%	3,083,281,070	0.12020	-	0.12020
95.24%	2,903,869,194	0.12020	-	0.12020
96.64%	2,870,855,246	0.11900	-	0.11900
95.92%	2,796,227,018	0.11900	-	0.11900
95.73%	2,731,703,393	0.11900	-	0.11900
95.24%	2,659,140,974	0.11900	-	0.11900

## Navarro College District

### Direct and Overlapping Property Tax Rates Per \$100 of Assessed Value Last Ten Fiscal Years (Unaudited)

	2019	2018	2017	2016
Navarro College District	\$ 0.1218	\$ 0.1218	\$ 0.1183	\$ 0.1183
County:				
Navarro County	0.6270	0.6270	0.6270	0.6270
Cities:				
Barry	0.4034	0.4034	0.3851	0.3851
Blooming Grove	0.4230	0.4801	0.4801	0.4512
Corsicana	0.6272	0.6272	0.6272	0.6272
Dawson	0.4308	0.4324	0.4234	0.4000
Emhouse	0.2943	0.2943	0.2943	0.2943
Frost	0.5504	0.5690	0.5690	0.5611
Goodlow	0.0897	0.0897	0.0897	0.0897
Kerens	0.6922	0.6735	0.6839	0.6803
Rice	0.5990	0.5990	0.5990	0.5844
Richland	0.2341	0.2359	0.2330	0.2330
School Districts:				
Blooming Grove	1.1300	1.1300	1.1300	1.1300
Corsicana	1.3279	1.3703	1.3703	1.3703
Dawson	1.4654	1.2922	1.2922	1.2922
Frost	1.5925	1.1743	1.2208	1.2308
Kerens	1.4400	1.4400	1.1100	1.1100
Mildred	1.3928	1.2812	1.2812	1.2812
Rice	1.6265	1.6265	1.3365	1.3365

**Source:** Navarro County Appraisal District

**Note:** Overlapping rates are those of other governments that apply to property owners within the Navarro College District. Not all overlapping rates apply to all District property owners; for example, although the Navarro County tax rate applies to all District property owners, the City of Barry, Texas rate applies only to a small portion of District property owners whose property is located within the City's geographic boundaries.

**Table 6**

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 0.1202	\$ 0.1202	\$ 0.1190	\$ 0.1190	\$ 0.1190	\$ 0.1190
0.6270	0.6270	0.6270	0.6270	0.6270	0.6270
0.3851	0.3851	0.3851	0.3661	0.3349	0.3393
0.4821	0.4821	0.4821	0.4900	0.4900	0.4859
0.6272	0.6272	0.6272	0.6272	0.6272	0.6272
0.4000	0.4000	0.4000	0.4000	0.4000	0.3783
0.2943	0.2943	0.2943	0.2943	0.3072	0.3072
0.5573	0.5657	0.5600	0.5300	0.5000	0.5000
0.0897	0.0897	0.0897	0.0897	0.0897	0.0897
0.6817	0.6817	0.6434	0.6434	0.6434	0.6434
0.5500	0.5351	0.4999	0.4700	0.4700	0.4200
0.2330	0.2330	0.2330	0.2189	0.2056	0.2056
1.1300	1.1300	1.1300	1.1300	1.1300	1.1200
1.2803	1.2803	1.2830	1.2830	1.2830	1.2830
1.2900	1.2900	1.2900	1.2900	1.2900	1.2900
1.2404	1.2550	1.2550	1.2550	1.2550	1.2321
1.1100	1.1100	1.1100	1.1100	1.1100	1.1200
1.2812	1.2980	1.2906	1.2798	1.2798	1.2498
1.3800	1.4200	1.4200	1.4200	1.4200	1.4200

Navarro College District

Principal Taxpayers  
Last Ten Tax Years  
(Unaudited)

Taxpayer	Type of Business	Taxable Assessed Value			
		2019	2018	2017	2016
Guardian Industry - Abated	Glass Manufacturer	\$ 70,065,430	\$ 67,057,775	\$ 53,276,715	\$ 47,069,805
Oncor Electric Delivery	Electric Utility	74,965,750	62,045,430	52,248,010	48,825,700
Energy Transfer Fuel LP	Electric Company	49,214,460	44,001,370	47,606,870	65,033,230
Nalco Company	Energy Services	51,807,050	46,053,410	46,116,150	51,736,240
Lone Star Transmission	Electric Company	-	42,704,910	44,756,720	48,107,140
Seaway Crude Pipeline LP	Oil Distribution	148,696,190	43,662,200	44,330,040	44,743,340
Pactiv-Foam - Abated	Foam Manufacturer	48,548,330	41,620,920	37,706,553	33,922,684
Russell Stover Candies - Abated	Candy Manufacturer	42,771,170	36,695,360	35,939,480	35,933,935
Union Pacific	RR Company	-	38,078,610	35,828,790	33,680,970
Permian Express Partners (formerly Sunoco)	Pipeline company	47,859,090	30,305,330	28,550,040	-
True Value Co. - Non-Abated	Retail Distribution	46,146,090	-	-	27,569,810
Burlington Northern Santa Fe	Rail Road	-	-	-	-
Magellan Pipeline Co, LP	Pipeline company	51,552,560	-	-	-
HD USA 5147	Manufacturer	-	-	-	-
Corsicana Techonolgies Inc.	Manufacturer	-	-	-	-
National Industrial Portfolio Borrower	Real Estate Investment	-	-	-	-
Guardian Industry	Glass Manufacturer	-	-	-	-
Home Depot	Retail Distribution	-	-	-	-
Pactiv-Foam	Foam Manufacturer	-	-	-	-
Kohl's Distribution	Retail Distribution	-	-	-	-
Totals		<u>\$ 631,626,120</u>	<u>\$ 452,225,315</u>	<u>\$ 426,359,368</u>	<u>\$ 436,622,854</u>
Net taxable assessed value		<u>\$ 3,451,642,014</u>	<u>\$ 3,233,006,446</u>	<u>\$ 3,046,069,327</u>	<u>\$ 2,994,142,529</u>



Navarro College District

Principal Taxpayers  
Last Ten Tax Years  
(Unaudited)

Taxpayer	Type of Business	Taxable Assessed Value			
		2019	2018	2017	2016
Guardian Industry - Abated	Glass Manufacturer	2.03%	2.07%	1.75%	1.57%
Oncor Electric Delivery	Electric Utility	2.17%	1.92%	1.72%	1.63%
Energy Transfer Fuel LP	Electric Company	1.43%	1.36%	1.56%	2.17%
Nalco Company	Energy Services	1.50%	1.42%	1.51%	1.73%
Lone Star Transmission	Electric Company	-	1.32%	1.47%	1.61%
Seaway Crude Pipeline LP	Oil Distribution	4.31%	1.35%	1.46%	1.49%
Pactiv-Foam - Abated	Foam Manufacturer	1.41%	1.29%	1.24%	1.13%
Russell Stover Candies-Abated	Candy Manufacturer	1.24%	1.14%	1.18%	1.20%
Union Pacific	RR Company	-	1.18%	1.18%	1.12%
Permian Express Partners (formerly Sunoco	Pipeline company	1.39%	0.94%	0.94%	-
True Value Co. - Non-Abated	Retail Distribution	1.34%	-	-	0.92%
Burlington Northern Santa Fe	Rail Road	-	-	-	-
Magellan Pipeline Co, LP	Pipeline company	1.49%	-	-	-
HD USA 5147	Manufacturer	-	-	-	-
Corsicana Techonolgies Inc.	Manufacturer	-	-	-	-
National Industrial Portfolio Borrower	Real Estate Investment	-	-	-	-
Guardian Industry	Glass Manufacturer	-	-	-	-
Home Depot	Retail Distribution	-	-	-	-
Pactiv-Foam	Foam Manufacturer	-	-	-	-
Kohl's Distribution	Retail Distribution	-	-	-	-
Totals		18.30%	13.99%	14.00%	14.58%

Source: Navarro County Appraisal District

Taxable Assessed Value						
2015	2014	2013	2012	2011	2010	
1.57%	1.76%	1.67%	1.79%	1.82%	0.88%	
1.71%	1.78%	1.64%	1.63%	1.62%	1.73%	
2.26%	2.23%	2.64%	3.00%	3.06%	2.88%	
1.94%	1.80%	-	-	-	-	
1.74%	1.91%	1.39%	-	-	-	
1.55%	-	-	-	-	-	
0.85%	-	-	-	-	-	
1.40%	1.35%	1.47%	1.56%	1.67%	1.84%	
1.08%	1.03%	0.93%	0.86%	0.82%	-	
-	0.73%	0.77%	0.81%	-	-	
0.95%	1.07%	1.08%	1.14%	1.26%	1.29%	
-	0.68%	-	-	0.59%	-	
-	-	0.68%	0.73%	0.77%	0.87%	
-	-	-	1.46%	1.29%	1.85%	
-	-	1.56%	1.21%	0.93%	1.01%	
-	-	-	-	-	1.46%	
-	-	-	-	-	1.13%	
-	-	-	-	-	-	
-	-	-	-	-	-	
15.07%	14.34%	13.81%	14.20%	13.82%	14.94%	

**Navarro College District**

**Property Tax Levies and Collections  
Last Ten Fiscal Years  
(Unaudited)**

<u>Fiscal Year</u>	<u>Original Levy</u>	<u>Cumulative Levy Adjustments</u>	<u>Total Adjusted Tax Levy</u>
2019	\$ 4,211,190	\$ (9,919)	\$ 4,201,271
2018	3,942,804	(25,063)	3,917,741
2017	3,608,756	(12,962)	3,595,794
2016	3,546,947	(12,494)	3,534,453
2015	3,515,366	(10,903)	3,504,463
2014	3,330,770	(10,479)	3,320,291
2013	3,308,730	(14,354)	3,294,376
2012	3,192,388	(11,443)	3,180,945
2011	3,112,065	(16,103)	3,095,962
2010	3,013,738	(19,450)	2,994,288

**Source:** Navarro County Tax Assessor-Collector

**Note:** Property tax only - does not include penalties and interest.

**Table 8**

Collections - Year of Levy		Collections in Subsequent Years	Total Collections To Date	
Amount	Percent		Amount	Percent
\$ 4,081,123	97.14%	\$ -	\$ 4,081,123	97.14%
3,810,491	97.26%	55,989	3,866,480	98.69%
3,501,564	97.38%	64,982	3,566,546	99.19%
3,432,700	97.12%	79,402	3,512,102	99.37%
3,427,941	97.82%	58,930	3,486,871	99.50%
3,241,206	97.62%	66,513	3,307,719	99.62%
3,203,423	97.24%	79,317	3,282,740	99.65%
3,087,590	97.07%	82,979	3,170,569	99.67%
2,999,249	96.88%	87,653	3,086,902	99.71%
2,887,898	96.45%	98,178	2,986,076	99.73%

**Navarro College District**

Ratios of Outstanding Debt  
Last Ten Fiscal Years  
(Unaudited)

	August 31,			
	2019	2018	2017	2016
<b>General Bonded Debt</b>				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
<b>Other Debt</b>				
Revenue bonds	16,895,796	18,502,111	20,063,427	22,689,743
Notes payable	-	-	-	-
Loans payable	900,000	975,000	1,050,000	1,125,000
Capital lease obligations	2,645,000	2,855,000	3,060,000	3,260,000
<b>Total other debt</b>	<b>20,440,796</b>	<b>22,332,111</b>	<b>24,173,427</b>	<b>27,074,743</b>
<b>Total outstanding debt</b>	<b>\$ 20,440,796</b>	<b>\$ 22,332,111</b>	<b>\$ 24,173,427</b>	<b>\$ 27,074,743</b>
<b>Total Outstanding Debt Ratios</b>				
Per capita	\$ 412	\$ 459	\$ 498	\$ 561
Per student	1,507	1,574	1,680	1,804
As a percentage of taxable assessed value	0.59%	0.69%	0.79%	0.90%
As a percentage of personal income	1.09%	1.24%	1.41%	1.57%

**Note:** Navarro College District does not have any general obligation debt. Per student ratio is calculated based on debt per full-time student equivalent.

(1) Fiscal years 2011 and 2010 were restated to properly report total outstanding debt.

(2) Fiscal years 2013 and 2012 were restated for implementation of GASBS No. 65

**Source:** Navarro College District Finance Department

**Table 9**

August 31,					
2015	2014	2013 (2)	2012 (2)	2011 (1)	2010 (1)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25,216,060	27,667,376	30,043,692	32,420,009	26,860,000	27,925,000
-	-	-	-	-	-
1,200,000	1,275,000	1,275,000	1,500,000	1,500,000	750,000
3,450,000	3,496,116	3,651,116	3,801,116	3,941,116	4,076,116
<u>29,866,060</u>	<u>32,438,492</u>	<u>34,969,808</u>	<u>37,721,125</u>	<u>32,301,116</u>	<u>32,751,116</u>
<u>\$ 29,866,060</u>	<u>\$ 32,438,492</u>	<u>\$ 34,969,808</u>	<u>\$ 37,721,125</u>	<u>\$ 32,301,116</u>	<u>\$ 32,751,116</u>
\$ 620	\$ 675	\$ 729	\$ 785	\$ 677	\$ 662
1,830	1,905	1,996	2,051	1,711	1,892
1.02%	1.17%	1.26%	1.41%	1.24%	1.29%
1.58%	1.83%	2.10%	2.37%	2.15%	2.31%

**Navarro College District**

**Legal Debt Margin Information  
Last Ten Fiscal Years  
(Unaudited)**

	For the Year Ended August 31,			
	2019	2018	2017	2016
Taxable Assessed Value	\$ 3,451,642,014	\$ 3,233,006,446	\$ 3,046,069,327	\$ 2,994,142,529
<b>General Obligation Bonds</b>				
Statutory tax levy limit for debt service	\$ 17,258,210	\$ 16,165,032	\$ 15,230,347	\$ 14,970,713
Current year debt service requirements	-	-	-	-
Excess of statutory limit for debt service over current requirements	\$ 17,258,210	\$ 16,165,032	\$ 15,230,347	\$ 14,970,713
Net current requirements as a percentage of statutory limit	0.00%	0.00%	0.00%	0.00%

**Note:** Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per hundred dollars assessed valuation.

**Table 10**

For the Year Ended August 31,					
<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>\$ 2,917,537,473</u>	<u>\$ 2,765,697,752</u>	<u>\$ 2,774,259,367</u>	<u>\$ 2,682,081,137</u>	<u>\$ 2,615,172,084</u>	<u>\$ 2,532,522,103</u>
\$ 14,587,687	\$ 13,828,489	\$ 13,871,297	\$ 13,410,406	\$ 13,075,860	\$ 12,662,611
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 14,587,687</u>	<u>\$ 13,828,489</u>	<u>\$ 13,871,297</u>	<u>\$ 13,410,406</u>	<u>\$ 13,075,860</u>	<u>\$ 12,662,611</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Navarro College District**

**Pledged Revenue Coverage  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Pledged Revenues					
	Tuition Pledged (1)	Building Fee	Out of District Fee	Other Fees	Pledged Auxiliary Revenue	Less Auxiliary Expenses
2019	\$ 288,428	\$ 4,082,169	\$ 5,300,687	\$ 3,015,864	\$ 5,671,011	\$ 10,542,824
2018	304,845	4,271,589	5,414,730	2,707,238	6,043,317	10,132,772
2017	316,995	3,961,300	5,026,019	2,824,645	8,818,670	8,904,115
2016	325,635	3,942,353	4,997,878	2,614,210	8,876,011	9,833,242
2015	340,350	4,203,104	5,564,752	2,832,475	9,027,034	10,609,202
2014	346,658	3,753,843	5,344,521	1,605,731	10,207,759	11,825,268
2013	348,578	3,816,433	5,624,975	1,673,432	10,545,568	11,504,077
2012	364,230	4,067,828	6,016,339	1,695,784	10,946,951	12,088,998
2011	374,798	3,950,605	5,863,890	1,739,898	10,844,702	11,880,415
2010	349,388	3,667,746	5,125,658	1,396,781	9,738,995	10,082,097

**Notes:**

(1) Calculated at \$15.00 per semester headcount (\$7.50 per summer semester).

**Table 11**

			Debt Service Requirements			
Net Available	Interest Income	Total	Principal	Interest	Total	Coverage Ratio
\$ 7,815,335	\$ 153,046	\$ 7,968,381	\$ 1,595,000	\$ 644,484	\$ 2,239,484	3.56
8,608,947	123,628	8,732,575	1,540,000	696,976	2,236,976	3.90
12,043,514	102,303	12,145,817	1,495,000	740,656	2,235,656	5.43
10,922,845	93,031	11,015,876	2,560,000	843,632	3,403,632	3.24
11,358,513	93,269	11,451,782	2,460,000	942,574	3,402,574	3.37
9,433,244	129,125	9,562,369	2,385,000	1,019,449	3,404,449	2.81
10,504,909	160,404	10,665,313	2,310,000	1,088,537	3,398,537	3.14
11,002,134	146,902	11,149,036	1,105,000	1,408,472	2,513,472	4.44
10,893,478	153,555	11,047,033	1,065,000	1,281,713	2,346,713	4.71
10,196,471	119,094	10,315,565	1,055,000	1,326,249	2,381,249	4.33



**Demographic and Economic Statistics  
Last Ten Calendar Years  
(Unaudited)**

Calendar Year	Navarro County Population	Navarro County Personal Income	Navarro County Personal Income Per Capita	Navarro County Unemployment Rate
2018	49,565	\$ 1,883,851,394	\$ 33,995	3.7%
2017	48,701	1,799,965,000	35,446	3.9%
2016	48,523	1,719,814,000	36,960	4.2%
2015	48,255	1,729,595,000	35,792	4.2%
2014	48,195	1,887,318,000	39,245	5.2%
2013	48,038	1,776,684,000	36,985	5.2%
2012	47,979	1,666,050,000	34,725	7.9%
2011	48,054	1,591,179,000	33,112	9.2%
2010	47,735	1,503,732,000	31,467	9.7%
2009	49,440	1,414,882,000	29,734	9.0%

**Source:** Texas Workforce Commission

**Note:** The final 2018 amounts are not yet available and are estimated in the table above.

Navarro College District

Principal Employers  
Last Ten Fiscal Years  
(Unaudited)

Employer	2019		2018		2017		2016	
	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
Navarro College (includes part time)	991	4.35%	820	3.74%	1,042	4.87%	1,042	4.84%
Watkins Construction	1,020	4.48%	800	3.65%	500	2.33%	500	2.32%
Russell Stover Candies (seasonal)	850	3.73%	726	3.31%	850	3.97%	850	3.95%
Corsicana ISD	810	3.56%	700	3.19%	811	3.79%	811	3.77%
Navarro Regional Hospital	450	1.98%	350	1.60%	350	1.63%	350	1.63%
Walmart Super Center	350	1.54%	350	1.60%	350	1.63%	350	1.63%
Collin Street Bakery (seasonal)	347	1.52%	347	1.58%	150	0.70%	150	0.70%
Navarro County	300	1.32%	337	1.54%	284	1.33%	284	1.32%
Guardian Industries, Corp.	325	1.43%	325	1.48%	312	1.46%	312	1.45%
Corsicana Bedding	367	1.61%	314	1.43%	257	1.20%	257	1.19%
City of Corsicana (includes part time)	275	1.21%	276	1.26%	284	1.33%	284	1.32%
Kohl's Distribution Center	200	0.88%	200	0.91%	200	0.93%	200	0.93%
Pactiv	425	1.87%	194	0.88%	250	1.17%	-	0.00%
Oil City Iron Works	194	0.85%	194	0.88%	255	1.19%	255	1.18%
Heritage Oaks/Heritage Oaks West	191	0.84%	191	0.87%	72	0.34%	72	0.33%
NALCO Champion	150	0.66%	150	0.68%	150	0.70%	150	0.70%
Morgan Corp.	150	0.66%	150	0.68%	149	0.70%	-	0.00%
Angels at Home	-	0.00%	150	0.68%	150	0.70%	-	0.00%
Tru-Serve Distribution Center	145	0.64%	145	0.66%	180	0.84%	180	0.84%
Polyguard	125	0.55%	125	0.57%	-	0.00%	-	0.00%
Community National Bank & Trust	80	0.35%	80	0.36%	114	0.53%	-	0.00%
Cargo Craft	-	0.00%	75	0.34%	-	0.00%	-	0.00%
Plasson	100	0.44%	70	0.32%	-	0.00%	-	0.00%
Navarro Pecan	60	0.26%	60	0.27%	-	0.00%	-	0.00%
EXXON/Mobil Pipeline	-	0.00%	55	0.25%	-	0.00%	-	0.00%
Enterprise Pre-Cast	80	0.35%	-	0.00%	-	0.00%	-	0.00%
Kohl's Call Center (Closed Corsicana facility)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Lance (Closed the Corsicana facility)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Home Depot Distribution Center (Closed Corsicana Facility)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
<b>Total</b>	<b>7,985</b>	<b>35.08%</b>	<b>7,184</b>	<b>32.74%</b>	<b>6,710</b>	<b>31.33%</b>	<b>6,047</b>	<b>28.10%</b>

Source: City of Corsicana, Texas and the Texas Workforce Commission

Table 13

2015		2014		2013		2012		2011		2010	
Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
1,090	5.02%	1,106	5.21%	1,134	5.50%	1,107	5.43%	1,064	5.33%	982	4.95%
500	2.30%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
850	3.91%	850	4.00%	795	3.85%	680	3.34%	680	3.41%	680	3.43%
811	3.73%	811	3.82%	800	3.88%	811	3.98%	811	4.07%	811	4.09%
350	1.61%	350	1.65%	385	1.87%	354	1.74%	354	1.77%	354	1.78%
350	1.61%	350	1.65%	-	0.00%	325	1.59%	-	0.00%	-	0.00%
150	0.69%	150	0.71%	379	1.84%	150	0.74%	150	0.75%	150	0.76%
284	1.31%	284	1.34%	300	1.45%	284	1.39%	284	1.42%	284	1.43%
318	1.46%	318	1.50%	360	1.75%	318	1.56%	318	1.59%	318	1.60%
257	1.18%	257	1.21%	449	2.18%	257	1.26%	257	1.29%	257	1.30%
284	1.31%	284	1.34%	277	1.34%	284	1.39%	284	1.42%	284	1.43%
315	1.45%	315	1.48%	333	1.61%	200	0.98%	200	1.00%	200	1.01%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
255	1.17%	255	1.20%	212	1.03%	172	0.84%	172	0.86%	172	0.87%
72	0.33%	72	0.34%	245	1.19%	236	1.16%	236	1.18%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
180	0.83%	180	0.85%	165	0.80%	149	0.73%	149	0.75%	149	0.75%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	216	1.08%	216	1.09%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	148	0.74%	148	0.75%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	145	0.73%	145	0.73%
<b>6,066</b>	<b>27.92%</b>	<b>5,582</b>	<b>26.28%</b>	<b>5,834</b>	<b>28.28%</b>	<b>5,327</b>	<b>26.14%</b>	<b>5,468</b>	<b>27.41%</b>	<b>5,150</b>	<b>25.96%</b>

**Navarro College District**

**State Appropriation per Full-Time Student Equivalent and Contact Hour  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	State Appropriation	Appropriation per FTSE	
		FTSE	State Appropriation per FTSE
2019	\$ 14,052,370	13,564	\$ 1,036
2018	14,052,371	14,187	991
2017	15,302,879	14,388	1,064
2016	15,288,429	15,007	1,019
2015	16,262,313	16,316	997
2014	16,319,691	17,028	958
2013	15,861,991	17,518	905
2012	15,639,707	18,392	850
2011	14,070,243	18,877	745
2010	14,447,465	17,311	835

**Note:** Full-time student equivalent (FTSE) is defined as the number of full-time students plus the total hours taken by part-time students divided by 12.

**Table 14**

Appropriation per Contact Hour			
Academic Contact Hours	Voc/Tech Contact Hours	Total Contact Hours	State Appropriation per Contact Hour
2,648,800	1,139,020	3,787,820	\$ 3.71
2,736,720	1,239,884	3,976,604	3.53
2,768,430	1,302,964	4,071,394	3.76
2,861,376	1,443,484	4,304,860	3.55
3,057,872	1,647,476	4,705,348	3.46
3,258,256	1,616,032	4,874,288	3.35
3,392,912	1,675,572	5,068,484	3.13
3,634,186	1,612,596	5,246,782	2.98
3,682,160	1,833,744	5,515,904	2.55
3,371,872	1,683,760	5,055,632	2.86

## Navarro College District

### Faculty, Staff, and Administrators Statistics Last Ten Fiscal Years (Unaudited)

	2019	2018	2017	2016
<b>Faculty</b>				
Full-Time	122	132	136	133
Part-Time	284	361	361	382
Total	406	493	497	515
Full-Time	30.0%	26.8%	27.4%	25.8%
Part-Time	70.0%	73.2%	72.6%	74.2%
Total	100.0%	100.0%	100.0%	100.0%
Average Annual Faculty Salary	\$ 56,037	\$ 54,654	\$ 55,863	\$ 55,134
<b>Staff and Administrators</b>				
Full-Time	245	216	234	252
Part-Time	78	77	119	89
Total	323	293	353	341
Full-Time	75.9%	73.7%	66.3%	73.9%
Part-Time	24.1%	26.3%	33.7%	26.1%
Total	100.0%	100.0%	100.0%	100.0%

**Table 15**

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
128	127	121	122	122	123
<u>405</u>	<u>415</u>	<u>446</u>	<u>540</u>	<u>355</u>	<u>364</u>
<u>533</u>	<u>542</u>	<u>567</u>	<u>662</u>	<u>477</u>	<u>487</u>
24.0%	23.4%	21.3%	18.4%	25.6%	25.3%
<u>76.0%</u>	<u>76.6%</u>	<u>78.7%</u>	<u>81.6%</u>	<u>74.4%</u>	<u>74.7%</u>
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<u>\$ 54,396</u>	<u>\$ 55,602</u>	<u>\$ 53,781</u>	<u>\$ 52,681</u>	<u>\$ 52,138</u>	<u>\$ 50,232</u>
244	244	252	231	230	214
<u>94</u>	<u>79</u>	<u>71</u>	<u>94</u>	<u>95</u>	<u>100</u>
<u>338</u>	<u>323</u>	<u>323</u>	<u>325</u>	<u>325</u>	<u>314</u>
72.2%	75.5%	78.0%	71.1%	87.0%	59.8%
<u>27.8%</u>	<u>24.5%</u>	<u>22.0%</u>	<u>28.9%</u>	<u>13.0%</u>	<u>40.2%</u>
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

**Navarro College District**

**Enrollment Details  
Last Ten Fiscal Years  
(Unaudited)**

	Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Student Classification</b>								
00-30 hours	6,393	74.33%	6,496	72.44%	6,741	73.03%	6,772	71.45%
31-60 hours	1,447	16.82%	1,622	18.09%	1,592	17.25%	1,741	18.37%
> 60 hours	761	8.85%	850	9.48%	897	9.72%	965	10.18%
<b>Total</b>	<b>8,601</b>	<b>100.00%</b>	<b>8,968</b>	<b>100.00%</b>	<b>9,230</b>	<b>100.00%</b>	<b>9,478</b>	<b>100.00%</b>
<b>Semester Hour Load</b>								
Less than 3	16	0.19%	56	0.62%	60	0.65%	239	2.52%
3-5 semester hours	1,982	23.04%	1,993	22.22%	2,196	23.79%	1,931	20.37%
6-8 semester hours	2,206	25.65%	2,373	26.46%	2,346	25.42%	2,370	25.01%
9-11 semester hours	1,270	14.77%	1,489	16.60%	1,447	15.68%	1,383	14.59%
12-14 semester hours	1,768	20.56%	1,916	21.36%	1,921	20.81%	2,327	24.55%
15-17 semester hours	1,100	12.79%	948	10.57%	1,037	11.24%	1,040	10.97%
18 & over	259	3.01%	193	2.15%	223	2.42%	188	1.98%
<b>Total</b>	<b>8,601</b>	<b>100.00%</b>	<b>8,968</b>	<b>100.00%</b>	<b>9,230</b>	<b>100.00%</b>	<b>9,478</b>	<b>100.00%</b>
<b>Tuition Status</b>								
Texas Resident (in-District)	1,572	18.28%	1,549	17.27%	1,633	17.69%	1,809	19.09%
Texas Resident (out-of-District)	6,837	79.49%	7,163	79.87%	7,320	79.31%	7,446	78.56%
Non-Resident Tuition	192	2.23%	256	2.85%	277	3.00%	223	2.35%
<b>Total</b>	<b>8,601</b>	<b>100.00%</b>	<b>8,968</b>	<b>100.00%</b>	<b>9,230</b>	<b>100.00%</b>	<b>9,478</b>	<b>100.00%</b>

Table 16

Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2009		Fall 2009	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
7,036	70.37%	7,353	71.69%	7,060	69.91%	7,271	69.69%	7,311	71.92%	6,701	72.84%
1,895	18.95%	1,871	18.24%	1,958	19.39%	2,022	19.38%	1,841	18.11%	1,615	17.55%
1,068	10.68%	1,033	10.07%	1,080	10.70%	1,140	10.93%	1,014	9.97%	884	9.61%
<u>9,999</u>	<u>100.00%</u>	<u>10,257</u>	<u>100.00%</u>	<u>10,098</u>	<u>100.00%</u>	<u>10,433</u>	<u>100.00%</u>	<u>10,166</u>	<u>100.00%</u>	<u>9,200</u>	<u>100.00%</u>
220	2.20%	251	2.45%	201	1.99%	171	1.64%	159	1.56%	94	1.02%
1,902	19.02%	1,717	16.74%	1,592	15.77%	1,646	15.78%	1,820	17.90%	1,769	19.23%
2,345	23.45%	2,236	21.80%	2,173	21.52%	2,176	20.86%	1,998	19.65%	1,856	20.17%
1,588	15.88%	1,604	15.64%	1,422	14.08%	1,514	14.51%	1,402	13.79%	1,198	13.02%
2,561	25.61%	2,739	26.70%	2,866	28.38%	3,118	29.89%	2,987	29.38%	2,532	27.52%
1,102	11.02%	1,411	13.76%	1,480	14.66%	1,460	13.99%	1,409	13.86%	1,361	14.79%
281	2.81%	299	2.92%	364	3.60%	348	3.34%	391	3.85%	390	4.24%
<u>9,999</u>	<u>100.00%</u>	<u>10,257</u>	<u>100.00%</u>	<u>10,098</u>	<u>100.00%</u>	<u>10,433</u>	<u>100.00%</u>	<u>10,166</u>	<u>100.00%</u>	<u>9,200</u>	<u>100.00%</u>
1,814	18.14%	1,927	18.79%	1,922	19.03%	1,996	19.13%	2,028	19.95%	1,816	19.74%
7,920	79.21%	8,052	78.50%	7,883	78.06%	8,102	77.66%	7,830	77.02%	7,131	77.51%
265	2.65%	278	2.71%	293	2.90%	335	3.21%	308	3.03%	253	2.75%
<u>9,999</u>	<u>100.00%</u>	<u>10,257</u>	<u>100.00%</u>	<u>10,098</u>	<u>100.00%</u>	<u>10,433</u>	<u>100.00%</u>	<u>10,166</u>	<u>100.00%</u>	<u>9,200</u>	<u>100.00%</u>

**Navarro College District**

Student Profile  
Last Ten Fiscal Years  
(Unaudited)

	Fall 2018		Fall 2017		Fall 2016		Fall 2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Gender</b>								
Female	5,153	59.91%	5,314	59.26%	5,270	57.10%	5,565	58.71%
Male	3,448	40.09%	3,654	40.74%	3,960	42.90%	3,913	41.29%
Total	<u>8,601</u>	<u>100.00%</u>	<u>8,968</u>	<u>100.00%</u>	<u>9,230</u>	<u>100.00%</u>	<u>9,478</u>	<u>100.00%</u>
<b>Ethnic Origin</b>								
White	4,886	56.81%	4,864	54.24%	5,208	56.42%	5,404	57.02%
Hispanic	1,687	19.61%	1,987	22.16%	1,980	21.45%	1,830	19.31%
African American	1,432	16.65%	1,596	17.80%	1,599	17.32%	1,859	19.61%
Asian	83	0.97%	89	0.99%	102	1.11%	80	0.84%
Foreign	76	0.88%	104	1.16%	130	1.41%	111	1.17%
Native American	42	0.49%	54	0.60%	62	0.67%	58	0.61%
Other	395	4.59%	274	3.06%	149	1.61%	136	1.43%
Total	<u>8,601</u>	<u>100.00%</u>	<u>8,968</u>	<u>100.00%</u>	<u>9,230</u>	<u>100.00%</u>	<u>9,478</u>	<u>100.00%</u>
<b>Age</b>								
Under 18	3,122	36.30%	3,212	35.82%	3,383	36.65%	3,037	32.04%
18 - 21	3,272	38.04%	3,385	37.75%	3,393	36.76%	3,584	37.81%
22 - 24	628	7.30%	655	7.30%	694	7.52%	787	8.30%
25 - 35	1,003	11.66%	1,090	12.15%	1,070	11.59%	1,217	12.84%
36 - 50	481	5.59%	522	5.82%	560	6.07%	685	7.23%
51 & over	95	1.10%	104	1.16%	130	1.41%	168	1.77%
Total	<u>8,601</u>	<u>100.00%</u>	<u>8,968</u>	<u>100.00%</u>	<u>9,230</u>	<u>100.00%</u>	<u>9,478</u>	<u>100.00%</u>
<b>Average Age</b>	21		21		21		22	

Table 17

Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
5,904	59.05%	6,103	59.50%	6,087	60.28%	6,379	61.14%	6,218	61.16%	5,643	61.34%
4,095	40.95%	4,154	40.50%	4,011	39.72%	4,054	38.86%	3,948	38.84%	3,557	38.66%
<u>9,999</u>	<u>100.00%</u>	<u>10,257</u>	<u>100.00%</u>	<u>10,098</u>	<u>100.00%</u>	<u>10,433</u>	<u>100.00%</u>	<u>10,166</u>	<u>100.00%</u>	<u>9,200</u>	<u>100.00%</u>
5,710	57.11%	5,672	55.30%	5,759	57.03%	6,048	57.97%	6,151	60.51%	5,636	61.26%
1,795	17.95%	1,929	18.81%	1,774	17.57%	1,639	15.71%	1,492	14.68%	1,363	14.82%
2,109	21.09%	2,333	22.75%	2,200	21.79%	2,375	22.76%	2,171	21.36%	1,903	20.68%
74	0.74%	70	0.68%	54	0.53%	44	0.42%	26	0.26%	87	0.95%
131	1.31%	129	1.26%	159	1.57%	174	1.67%	164	1.61%	153	1.66%
62	0.62%	47	0.46%	61	0.60%	53	0.51%	71	0.70%	52	0.57%
118	1.18%	77	0.75%	91	0.90%	100	0.96%	91	0.90%	6	0.07%
<u>9,999</u>	<u>100.00%</u>	<u>10,257</u>	<u>100.00%</u>	<u>10,098</u>	<u>100.00%</u>	<u>10,433</u>	<u>100.00%</u>	<u>10,166</u>	<u>100.00%</u>	<u>9,200</u>	<u>100.00%</u>
2,474	24.74%	2,428	23.67%	2,206	21.85%	1,891	18.13%	1,848	18.18%	1,917	20.84%
3,855	38.55%	4,052	39.50%	3,959	39.21%	4,204	40.30%	4,131	40.64%	3,723	40.47%
905	9.05%	923	9.00%	972	9.63%	1,050	10.06%	990	9.74%	969	10.53%
1,587	15.87%	1,657	16.15%	1,704	16.87%	1,924	18.44%	1,874	18.43%	1,534	16.67%
927	9.27%	933	9.10%	1,014	10.04%	1,112	10.66%	1,065	10.48%	898	9.76%
251	2.51%	264	2.57%	243	2.41%	252	2.42%	258	2.54%	159	1.73%
<u>9,999</u>	<u>100.00%</u>	<u>10,257</u>	<u>100.00%</u>	<u>10,098</u>	<u>100.00%</u>	<u>10,433</u>	<u>100.00%</u>	<u>10,166</u>	<u>100.00%</u>	<u>9,200</u>	<u>100.00%</u>
23		23		24		24		24		23	

**Navarro College District**

**Transfers to Senior Institutions  
(Includes only public senior colleges in Texas)  
(Unaudited)**

Name	2017-2018 Graduate as of Fall 2018				
	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 Angelo State University	5	0	0	5	0.37%
2 Lamar University	3	0	0	3	0.22%
3 Midwestern State University	12	1	0	13	0.96%
4 Prairie View A&M University	13	0	0	13	0.96%
5 Sam Houston State University	90	7	0	97	7.14%
6 Stephen F. Austin State University	56	3	0	59	4.34%
7 Sul Ross State University	0	0	0	0	0.00%
8 Sul Ross State University - Rio Grande College	0	0	0	0	0.00%
9 Tarleton State University	174	13	0	187	13.76%
10 Texas A&M International University	0	0	0	0	0.00%
11 Texas A&M University	126	2	0	128	9.42%
12 Texas A&M University at Commerce	142	6	0	148	10.89%
13 Texas A&M University at Corpus Christi	8	0	0	8	0.59%
14 Texas A&M University at Galveston	2	0	0	2	0.15%
15 Texas A&M University at Kingsville	1	0	0	1	0.07%
16 Texas A&M University at San Antonio	2	1	0	3	0.22%
17 Texas A&M University at Texarkana	1	0	0	1	0.07%
18 Texas Southern University	5	2	0	7	0.52%
19 Texas State University	63	0	0	63	4.64%
20 Texas Tech University	76	5	0	81	5.96%
21 Texas Woman's University	27	4	0	31	2.28%
22 The University of Texas - Pan American	0	0	0	0	0.00%
23 The University of Texas at Arlington	184	28	0	212	15.60%
24 The University of Texas at Austin	46	3	0	49	3.61%
25 The University of Texas at Dallas	20	0	0	20	1.47%
26 The University of Texas at El Paso	0	0	0	0	0.00%
27 The University of Texas at Rio Grand Valley	2	0	0	2	0.15%
28 The Univeristy of Texas at San Antonio	7	0	0	7	0.52%
29 The University of Texas at Tyler	58	2	0	60	4.42%
30 The University of Texas of the Permian Basin	2	0	0	2	0.15%
31 University of Houston	15	1	0	16	1.18%
32 University of Houston at Clear Lake	1	0	0	1	0.07%
33 University of Houston at Downtown	2	0	0	2	0.15%
34 University of Houston at Victoria	3	0	0	3	0.22%
35 University of North Texas	88	5	1	94	6.92%
36 University of North Texas at Dallas	28	4	0	32	2.35%
37 West Texas A&M University	9	0	0	9	0.66%
Totals	<u>1,271</u>	<u>87</u>	<u>1</u>	<u>1,359</u>	<u>100.00%</u>

**Source:** Texas Higher Education Coordinating Board

**Note:** Information not available for ten years of trend information.

**Table 18**  
**Page 1 of 3**

2016 - 2017 Graduate as of Fall 2017					2015 - 2016 Graduate as of Fall 2016				
Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
Academic	Technical	Tech-Prep	Students	Students	Academic	Technical	Tech-Prep	Students	Students
4	0	0	4	0.27%	5	0	0	5	0.34%
4	0	0	4	0.27%	5	1	1	7	0.48%
15	1	0	16	1.08%	9	0	1	10	0.69%
7	1	0	8	0.54%	3	1	0	4	0.28%
86	7	1	94	6.36%	93	5	4	102	7.03%
59	4	2	65	4.39%	56	0	2	58	4.00%
1	0	0	1	0.07%	3	0	0	3	0.21%
0	0	0	0	0.00%	0	0	0	0	0.00%
167	9	1	177	11.97%	166	8	8	182	12.54%
1	0	0	1	0.07%	0	0	0	0	0.00%
140	2	0	142	9.60%	134	5	1	140	9.65%
177	13	1	191	12.91%	202	13	4	219	15.09%
10	0	0	10	0.68%	15	1	1	17	1.17%
8	0	0	8	0.54%	5	0	0	5	0.34%
2	0	0	2	0.14%	3	0	0	3	0.21%
0	0	0	0	0.00%	0	0	0	0	0.00%
0	0	0	0	0.00%	0	0	0	0	0.00%
7	0	0	7	0.47%	5	1	0	6	0.41%
82	2	0	84	5.68%	73	5	1	79	5.44%
93	4	1	98	6.63%	71	3	1	75	5.17%
34	5	0	39	2.64%	27	3	1	31	2.14%
0	0	0	0	0.00%	0	0	0	0	0.00%
189	17	0	206	13.93%	186	21	4	211	14.54%
35	3	0	38	2.57%	28	1	0	29	2.00%
20	1	2	23	1.56%	29	1	1	31	2.14%
4	0	0	4	0.27%	2	1	0	3	0.21%
0	0	0	0	0.00%	0	0	0	0	0.00%
10	1	0	11	0.74%	16	1	1	18	1.24%
53	3	0	56	3.79%	40	9	1	50	3.45%
26	2	0	28	1.89%	5	0	0	5	0.34%
24	0	0	24	1.62%	12	0	0	12	0.83%
0	0	0	0	0.00%	0	0	0	0	0.00%
0	0	0	0	0.00%	1	0	0	1	0.07%
6	0	0	6	0.41%	0	0	0	0	0.00%
87	4	0	91	6.15%	114	6	1	121	8.34%
32	3	0	35	2.37%	16	2	0	18	1.24%
6	0	0	6	0.41%	5	1	0	6	0.41%
<b>1,389</b>	<b>82</b>	<b>8</b>	<b>1,479</b>	<b>100.00%</b>	<b>1,329</b>	<b>89</b>	<b>33</b>	<b>1,451</b>	<b>100.00%</b>

**Navarro College District**

**Transfers to Senior Institutions  
(Includes only public senior colleges in Texas)  
(Unaudited)  
(Continued)**

Name	2014 - 2015 Graduate as of Fall 2015				
	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 Angelo State University	11	1	1	13	0.89%
2 Lamar University	10	1	0	11	0.75%
3 Midwestern State University	15	0	0	15	1.02%
4 Prairie View A&M University	7	1	0	8	0.54%
5 Sam Houston State University	79	1	4	84	5.72%
6 Stephen F. Austin State University	60	7	2	69	4.70%
7 Sul Ross State University	1	0	0	1	0.07%
8 Sul Ross State University - Rio Grande College	0	0	0	0	0.00%
9 Tarleton State University	145	13	11	169	11.51%
10 Texas A&M International University	0	0	0	0	0.00%
11 Texas A&M University	161	0	3	164	11.17%
12 Texas A&M University at Commerce	161	13	7	181	12.33%
13 Texas A&M University at Corpus Christi	8	1	0	9	0.61%
14 Texas A&M University at Galveston	6	0	0	6	0.41%
15 Texas A&M University at Kingsville	3	0	0	3	0.20%
16 Texas A&M University at San Antonio	0	0	0	0	0.00%
17 Texas A&M University at Texarkana	0	0	0	0	0.00%
18 Texas Southern University	6	0	0	6	0.41%
19 Texas State University	101	2	1	104	7.08%
20 Texas Tech University	86	6	1	93	6.34%
21 Texas Woman's University	33	8	0	41	2.79%
22 The University of Texas - Pan American	0	0	0	0	0.00%
23 The University of Texas at Arlington	198	30	2	230	15.67%
24 The University of Texas at Austin	34	1	0	35	2.38%
25 The University of Texas at Dallas	30	1	1	32	2.18%
26 The University of Texas at El Paso	1	0	0	1	0.07%
27 The University of Texas at Rio Grand Valley	0	0	0	0	0.00%
28 The Univeristy of Texas at San Antonio	7	0	0	7	0.48%
29 The University of Texas at Tyler	41	2	1	44	3.00%
30 The University of Texas of the Permain Basin	5	0	0	5	0.34%
31 University of Houston	14	1	0	15	1.02%
32 University of Houston at Clear Lake	0	0	0	0	0.00%
33 University of Houston at Downtown	0	0	0	0	0.00%
34 University of Houston at Victoria	0	0	0	0	0.00%
35 University of North Texas	104	1	0	105	7.15%
36 University of North Texas at Dallas	12	3	1	16	1.09%
37 West Texas A&M University	1	0	0	1	0.07%
<b>Totals</b>	<b>1,340</b>	<b>93</b>	<b>35</b>	<b>1,468</b>	<b>100.00%</b>

**Source:** Texas Higher Education Coordinating Board

**Note:** Information not available for ten years of trend information.

**Table 18**  
**Page 2 of 3**

2013 - 2014 Graduate as of Fall 2014					2012 - 2013 Graduate as of Fall 2013				
Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
Academic	Technical	Tech-Prep	Students	Students	Academic	Technical	Tech-Prep	Students	Students
10	1	1	12	0.77%	9	2	2	13	0.87%
11	0	0	11	0.71%	7	0	2	9	0.60%
17	1	1	19	1.22%	7	0	1	8	0.54%
3	2	1	6	0.39%	6	2	0	8	0.54%
76	4	2	82	5.27%	104	5	5	114	7.63%
61	7	4	72	4.62%	64	3	2	69	4.62%
1	0	0	1	0.06%	0	1	0	1	0.07%
0	0	0	0	0.00%	0	0	0	0	0.00%
149	11	7	167	10.73%	151	14	13	178	11.91%
0	0	1	1	0.06%	0	0	0	0	0.00%
150	5	5	160	10.28%	136	6	7	149	9.97%
182	20	15	217	13.94%	185	15	3	203	13.59%
8	1	1	10	0.64%	16	0	1	17	1.14%
7	0	1	8	0.51%	3	0	0	3	0.20%
7	1	0	8	0.51%	2	3	0	5	0.33%
0	0	0	0	0.00%	0	0	0	0	0.00%
0	0	0	0	0.00%	0	0		0	0.00%
6	0	1	7	0.45%	5	0	1	6	0.40%
101	5	2	108	6.94%	77	0	2	79	5.29%
86	7	1	94	6.04%	66	4	2	72	4.82%
44	4	0	48	3.08%	35	4	2	41	2.74%
2	0	0	2	0.13%	2	0	1	3	0.20%
195	19	8	222	14.26%	169	24	8	201	13.45%
30	1	2	33	2.12%	40	1	2	43	2.88%
22	0	1	23	1.48%	33	1	0	34	2.28%
0	0	0	0	0.00%	0	0	0	0	0.00%
0	0	0	0	0.00%	0	0		0	0.00%
11	0	0	11	0.71%	8	1	0	9	0.60%
40	3	1	44	2.83%	38	6	0	44	2.95%
4	0	0	4	0.26%	7	1	0	8	0.54%
19	0	1	20	1.28%	14	0	0	14	0.94%
0	0	0	0	0.00%	0	0	0	0	0.00%
2	1	0	3	0.19%	2	0	0	2	0.13%
3	0	1	4	0.26%	0	0	0	0	0.00%
115	2	3	120	7.71%	122	7	6	135	9.04%
29	2	1	32	2.06%	20	0	1	21	1.41%
5	3	0	8	0.51%	5	0		5	0.33%
<b>1,396</b>	<b>100</b>	<b>61</b>	<b>1,557</b>	<b>100.00%</b>	<b>1,333</b>	<b>100</b>	<b>61</b>	<b>1,494</b>	<b>100.00%</b>



**Transfers to Senior Institutions**  
**(Includes only public senior colleges in Texas)**  
**(Unaudited)**  
(Continued)

Name	2011 - 2012 Graduate as of Fall 2012				
	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 Angelo State University	4	1	0	5	0.32%
2 Lamar University	5	0	1	6	0.39%
3 Midwestern State University	11	2	1	14	0.91%
4 Prairie View A&M University	8	2	1	11	0.71%
5 Sam Houston State University	77	6	5	88	5.70%
6 Stephen F. Austin State University	86	7	6	99	6.41%
7 Sul Ross State University	1	0	0	1	0.06%
8 Sul Ross State University - Rio Grande College	0	0	0	0	0.00%
9 Tarleton State University	125	9	5	139	9.00%
10 Texas A&M International University	0	0	0	0	0.00%
11 Texas A&M University	144	7	5	156	10.10%
12 Texas A&M University at Commerce	230	12	11	253	16.39%
13 Texas A&M University at Corpus Christi	13	2	0	15	0.97%
14 Texas A&M University at Galveston	5	0	0	5	0.32%
15 Texas A&M University at Kingsville	1	1	0	2	0.13%
16 Texas A&M University at San Antonio	0	0	0	0	0.00%
17 Texas A&M University at Texarkana	0	0	0	0	0.00%
18 Texas Southern University	5	0	0	5	0.32%
19 Texas State University	55	0	2	57	3.69%
20 Texas Tech University	63	4	5	72	4.66%
21 Texas Woman's University	44	5	2	51	3.30%
22 The University of Texas - Pan American	0	0	0	0	0.00%
23 The University of Texas at Arlington	194	15	8	217	14.05%
24 The University of Texas at Austin	57	2	1	60	3.89%
25 The University of Texas at Dallas	20	1	2	23	1.49%
26 The University of Texas at El Paso	0	0	0	0	0.00%
27 The University of Texas at Rio Grand Valley	0	0	0	0	0.00%
28 The Univeristy of Texas at San Antonio	13	0	1	14	0.91%
29 The University of Texas at Tyler	50	3	1	54	3.50%
30 The University of Texas of the Permain Basin	11	0	0	11	0.71%
31 University of Houston	5	1	1	7	0.45%
32 University of Houston at Clear Lake	0	0	0	0	0.00%
33 University of Houston at Downtown	4	0	1	5	0.32%
34 University of Houston at Victoria	0	1	0	1	0.06%
35 University of North Texas	122	4	4	130	8.42%
36 University of North Texas at Dallas	27	3	5	35	2.27%
37 West Texas A&M University	7	1	0	8	0.52%
Totals	1,387	89	68	1,544	100.00%

**Source:** Texas Higher Education Coordinating Board

**Note:** Information not available for ten years of trend information.

## Navarro College District

### Capital Asset Information Last Ten Fiscal Years (Unaudited)

	2019	2018	2017	2016
<b>Academic buildings</b>	19	19	22	22
Square footage (in thousands)	296,531	296,531	355,002	355,002
<b>Libraries</b>	3	3	3	3
Square footage (in thousands)	30,000	29,540	29,540	29,540
Number of Volumes (in thousands)	56,875	61,047	60,617	56,507
<b>Administrative and support buildings</b>	10	10	5	5
Square footage (in thousands)	208,514	208,514	108,847	108,847
<b>Dormitories/Apartments</b>	22	22	24	24
Square footage (in thousands)	174,848	174,848	169,304	169,304
Number of Beds	860	860	860	860
<b>Dining Facilities</b>	2	2	2	2
Square footage (in thousands)	25,100	25,100	25,100	25,100
Average daily customers	1,337	1,564	1,074	1,198
<b>Athletic Facilities</b>	12	12	7	7
Square footage (in thousands)	77,658	77,658	81,708	81,708
Gymnasiums/Weight Room	2	2	2	2
Tennis Court	-	-	-	-
<b>Physical Plant Facilities</b>	5	5	3	3
Square footage (in thousands)	23,140	23,140	23,023	23,023
<b>Transportation</b>	55	60	53	48
Cars	20	22	14	12
Light Trucks/Vans	31	34	35	32
Buses	4	4	4	4

**Table 19**

2015	2014	2013	2012	2011	2010
22	22	15	14	14	12
355,002	355,002	321,117	300,786	300,786	260,737
3	3	3	3	3	3
29,540	29,540	29,540	29,540	29,540	29,540
59,898	60,894	60,078	59,012	61,226	62,337
5	5	3	3	3	2
108,847	104,287	95,819	95,819	95,819	90,897
24	24	24	24	23	23
169,304	169,304	169,304	169,304	156,254	156,254
860	860	883	883	819	819
2	2	1	1	1	1
25,100	25,100	22,100	22,100	22,100	22,100
1,302	1,450	1,108	1,008	1,037	973
7	7	7	5	5	5
81,708	81,708	81,708	66,416	66,416	66,416
2	2	2	2	2	2
-	-	-	-	-	-
3	3	2	1	1	1
23,023	23,023	16,030	9,492	9,492	9,492
48	48	43	45	40	34
11	11	12	14	12	7
33	33	27	27	24	23
4	4	4	4	4	4



**OVERALL COMPLIANCE, INTERNAL CONTROL, AND  
FEDERAL AND STATE AWARDS SECTION**



**REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees  
Navarro College District  
Corsicana, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of Navarro College District (the “District”), as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 12, 2019. Our report includes a reference to other auditors who audited the financial statements of Navarro College Foundation (the “Foundation”), as described in our report on the District’s financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including the *Public Funds Investment Act* (Chapter 2256, Texas Government Code), noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Whitley Penn LLP*

Houston, Texas  
December 12, 2019

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM  
GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR***

To the Board of Trustees  
Navarro College District  
Corsicana, Texas

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

We have audited Navarro College District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular (Uniform Grant Management Standards)* that could have a direct and material effect on each of the District's major federal and state programs for the year ended August 31, 2019. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State of Texas Single Audit Circular (Uniform Grant Management Standards)*. Those standards, the Uniform Guidance, and State of Texas Single Audit Circular (Uniform Grant Management Standards) require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on the District's compliance.

To the Board of Trustees  
Navarro College District

***Opinion on Each Major Federal and State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2019.

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of Texas Single Audit Circular (Uniform Grant Management Standards), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and State of Texas Single Audit Circular (Uniform Grant Management Standards). Accordingly, this report is not suitable for any other purpose.



Houston, Texas  
December 12, 2019

**NAVARRO COLLEGE DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended August 31, 2019**

**I - Summary of Auditors' Results**

***Financial Statements***

Type of auditor's report issued: Unmodified  
 Internal control over financial reporting:  
      Material weakness(es) identified? \_\_\_\_\_ yes      x   no  
      Significant control deficiency(ies) identified? \_\_\_\_\_ yes      x   none reported  
  
 Noncompliance material to financial statements noted? \_\_\_\_\_ yes      x   no

***Federal and State Awards***

Internal control over major programs:  
      Material weakness(es) identified? \_\_\_\_\_ yes      x   no  
      Significant control deficiency(ies) identified? \_\_\_\_\_ yes      x   none reported  
  
 Type of auditor's report issued on compliance for major programs: Unmodified  
 Any audit findings disclosed that are required to be reported  
 in accordance with 2 CFR 200.516(a) and the  
 Uniform Grant Management Standards? \_\_\_\_\_ yes      x   no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grant Program
84.033	Federal Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.002A	Adult Education & Family Literacy Act

Identification of major state programs:

<u>Name of State Program</u>
Texas Education Opportunity Grant
Skills Development - Mfg Consortium-Owens

Dollar threshold used to distinguish between type A and  
 type B federal programs: \$750,000

Dollar threshold used to distinguish between type A and  
 type B state programs: \$300,000

Federal Single Audit - Auditee qualified as a low-risk auditee?   x   yes    \_\_\_\_\_ no

State Single Audit - Auditee qualified as a low-risk auditee?   x   yes    \_\_\_\_\_ no

**NAVARRO COLLEGE DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)***

**Year Ended August 31, 2019**

**II - Financial Statement Findings**

None noted.

**III - Federal Award Findings and Questioned Costs**

None noted.

**IV - State Award Findings and Questioned Costs**

None noted.

## NAVARRO COLLEGE DISTRICT

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, “The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings”. The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit’s schedule of findings and questioned costs and
- All audit findings reported in the prior audit’s summary schedule of prior audit findings except audit findings listed as corrected.

The Summary Schedule of Prior Audit Findings for the year ended August 31, 2019 has been prepared to address these responsibilities.

#### **I. Prior Audit Findings**

None noted.

## **NAVARRO COLLEGE DISTRICT**

### **CORRECTIVE ACTION PLAN**

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, “At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports.”

As part of this responsibility, the District’s corrective action plans are presented below.

#### **I. Corrective Action Plan**

Not Applicable.