

**Navarro College District  
Corsicana, Texas**

**Comprehensive Annual Financial Report  
Years Ended August 31, 2018 and 2017**



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



## **INTRODUCTORY SECTION**



# Navarro College District

## Table of Contents

	<u>Exhibit / Schedule</u>	<u>Page</u>
<b><i>Introductory Section</i></b>		
Letter of Transmittal		v
Organizational Structure		xxii
Principal Officials		xxiv
Board of Trustees		xxvi
GFOA Certificate of Achievement for Excellence in Financial Reporting		xxiv
<b><i>Financial Section</i></b>		
Report of Independent Auditors		3
Management’s Discussion and Analysis		7
Basic Financial Statements:		
Statements of Net Position	1	19
Statements of Revenues, Expenses, and Changes in Net Position	2	20
Statements of Cash Flows	3	21
Notes to Financial Statements		23
Required Supplementary Information:		
Schedule of District’s Proportionate Share of the Net Pension Liability		60
Schedule of District Contributions		61
Notes to Required Supplementary Information - Pension		62
Schedule of the District’s Proportionate Share of the Net OPEB Liability		63
Schedule of District Contributions		64
Notes to Required Supplementary Information – OPEB		65
Supplementary Information:		
Schedule of Operating Revenues	A	68
Schedule of Operating Expenses by Object	B	69
Schedule of Nonoperating Revenues and Expenses	C	70

# Navarro College District

## Table of Contents (Continued)

	<u>Table</u>	<u>Page</u>
Schedule of Net Position by Source and Availability	D	71
Schedule of Expenditures of Federal Awards	E	72
<b><i>Financial Section</i></b> (continued)		
Supplementary Information (continued):		
Notes to Schedule of Expenditures of Federal Awards		74
Schedule of Expenditures of State Awards	F	75
Notes to Schedule of Expenditures of State Awards		76
<b><i>Statistical Section</i></b>		
Financial Trends Information		
Net Position by Component	1	78
Revenues by Source	2	80
Expenses by Function and Changes in Net Position	3	82
Revenue Capacity Information		
Tuition and Fees	4	84
Assessed Value and Estimated Actual Value of Taxable Property	5	88
Direct and Overlapping Property Tax Rates	6	90
Principal Taxpayers	7	92
Property Tax Levies and Collections	8	96
Debt Capacity Information		
Ratios of Outstanding Debt	9	98

# Navarro College District

## Table of Contents (Continued)

	<u>Exhibit / Table</u>	<u>Page</u>
Legal Debt Margin Information	10	100
Pledged Revenue Coverage	11	102
<b><i>Statistical Section</i></b> (continued)		
Demographic and Economic Information		
Demographic and Economic Statistics	12	105
Principal Employers	13	106
Operating Information		
State Appropriation per Full-Time Student Equivalents and Contact Hour	14	108
Faculty, Staff, and Administrators Statistics	15	110
Enrollment Details	16	112
Student Profile	17	114
Transfers to Senior Institutions	18	116
Capital Asset Information	19	122
<b><i>Overall Compliance, Internal Control, and Federal and State Awards Section</i></b>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		127
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the <i>Uniform Guidance</i> and <i>The State of Texas Single Audit Circular</i>		129
Schedule of Findings and Questioned Costs		131
Summary Schedule of Prior Audit Findings		133
Corrective Action Plan		134







NAVARRO COLLEGE

CORSICANA CAMPUS

3200 W. 7th Ave.

Corsicana, TX 75110

(800) 628-2776

WAXAHACHIE CAMPUS

1900 John Arden Dr.

Waxahachie, TX 75165

(972) 937-7612

MIDLOTHIAN CAMPUS

699 Mount Zion Road

Midlothian, TX 76065

(972) 775-7200

SOUTH CAMPUS

901 N. MLK Jr. Blvd.

Mexia, TX 76667

(254) 562-3848

FAIRFIELD CENTER

961 E. Commerce St

Fairfield, TX 75840

(903) 389-7983

December 13, 2018

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, 2018 is hereby submitted.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that 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, (“clean”) opinion on the District’s financial statements for the years ended August 31, 2018, and 2017. The report of independent auditors is located at the front of the financial section of this report.

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 in conjunction with this letter of transmittal.

## 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 third Thursday of each month unless otherwise announced. Board meetings are held in the Lone Star 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. Agenda items requiring action are based on a majority vote of a quorum (four members) of the Board of Trustees.

In general, the Board provides policy direction and capital goals for the District consistent with the District's role and mission. Besides general Board business, Trustees are charged with numerous statutory regulations, including ordering elections and issuing bonds. The Board also is responsible for appointing the District President, setting the tax rate, and causing the preparation and adoption of the budget for the ensuing 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 2017 community college statewide enrollment average increased by 9% while Navarro College showed a 6.3% 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 14.1% increase (Laredo Community College) with an average 1.3% decrease 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 \$219 million (6.8%) 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. Corsicana is defined by industries, railroads, oil, and agriculture/cattle.

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 2017 was 48,701 with the city of Corsicana having an estimated 2017 population of 23,683\*. 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) July 11, 2018, 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

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 September 8, 2018, 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 2017 population in Ellis County was 173,620, 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 69,448 and the median house value in Ellis County was 150,300. The 2017 estimated population of Waxahachie was 35,340 and the 2017 estimated population of Midlothian was 25,254. Ellis County is projected to have a population of 186,254 by 2023, an increase of over 7.89%. In addition, the county's total employment for year ending 2017 decreased by 8% and the average annual wage per individual increased.

The City of Waxahachie is conveniently located just south of the 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. Waxahachie welcomed its newest kid friendly pediatric dental office, iKids Dental, in 2016. The City of Waxahachie built a new 35,000 square foot Police Facility in 2017. Several other new businesses opened in Waxahachie in 2017, including Waxahachie Nissan, North Grove-Atwood Ranch & Home, and Panera Bread Bakery Café.

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).

<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

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:

*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 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 September 5, 2018 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 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 2017 of 23,547. Groesbeck, located approximately 12 miles north of Mexia, is the Limestone County seat. In 2016, the estimated population who had earned a High School diploma or higher was 78.9% while the average population earning a Bachelor's Degree or higher was 14.9%. The 2017 estimated population for the city of Mexia was 7,394. 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 to earn welding certificates and/or an Associates of Applied Science Degree in Welding. 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 2017-estimated population of 19,625, of which 2,917 reside in the city of Fairfield. Other cities in Freestone County are Teague, Wortham, and Streetman. In 2016, 81.1% of Freestone County residents had earned a High School Diploma or higher, while 11.5% 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 also 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 2017 estimated population of 7,243. The county seat is Centerville with a 2017 estimated population of 899. 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 \$29.5 million in awards was processed in fiscal year 2018. 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:

- Dual credit for Career and Technical programs are offered in area high schools to prepare students for the workforce in career and technical pathways. These along with technical training and placement for students in industries located across the District's service areas help to provide educated workers for the labor force.
- New career and technical programs planned across the District in future years include Human Resources Management, Hospitality Management, Banking, 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. Visitors experience the thrill of exploration and the power of the human imagination in the areas of earth and space sciences through a variety of annual planetarium programs. In addition to supporting Navarro College as a multifaceted audio-visual theater, the planetarium continues to serve as an educational magnet for the 31 surrounding independent school districts, serving approximately 5,000 students annually. The Planetarium also presents public programs on a weekly basis, and multiple Physics and Drama classes are offered there. The Navarro College Foundation raised funds to upgrade the sound system in the Planetarium this past year and is currently working to raise funds for a new projector system.
- Also located in the Cook Education Center is the Pearce Museum, which houses and interprets two collections of national importance, the Pearce Civil War collection, which contains over 16,000 original documents written by Presidents, officers, common soldiers, civilians, and family members left on the home front. It is a balanced collection, documenting both the Northern and Southern experiences of the Civil War. The Western Art collection is home to more than 250 original works by acknowledged master artists as well as up-and-coming artists in the western art genre. The collection includes works of art from members of the National Academy of Western



Art, the Cowboy Artists of America, the Western Artists of America, and the National Sculpture Society among others.

The Civil War and Western Art galleries welcome tour groups, school groups from elementary-age children to college students, and the public. In addition, the Pearce Museum serves researchers studying the Civil War, western expansion, Texas history and many other topics, from throughout the country. The Museum has a regular program of changing topical exhibits, visiting guest artists and lecturers, and special public events. In past years, new and changing exhibits have included: *Our Borders & Beyond: Texas in the Civil War*, *Triumph & Tragedy: African American Soldiers of the Civil War*, *The Emerging Woman: Women's Roles in the Civil War*, *America's First Modern War: Technological Advances during the Civil War*, *The Evolution of Slavery and Other Causes of the Civil War*, *The Legend of Hiawatha: 21 Original Works by Ed Copley*, and *Cabinet of Curiosities: Items from the Pearce Restraint Collection*. A total of seven works were added this past year to the Pearce Western Art collection.

- An additional exhibit gallery entitled *Hunter-Gatherers of the Blackland Prairie* was added to the Pearce Museum during FY 2015 and continues to be a major attraction for local school districts, out of town visitors, and the local community. It houses the Robert S. Reading collection of over 44,000-catalogued prehistoric Native American tools and other artifacts and interprets these tools and the lifeways of the people who created them through engaging displays. The gallery also houses the three mysterious “Malakoff Heads,” three carved stones found in a quarry in Malakoff, Texas, between 1929 and 1939. Mary Love Sanders donated one head to Navarro College and the other two were transferred from the University of Texas in 2015. The Hunter-Gatherers of the Blackland Prairie Gallery is managed by the Pearce Museum, which is owned by Navarro College.
- The Pearce Museum also maintains Navarro College’s own Archives of historical materials and artifacts related to the College’s 72-year history. The Museum mounts special exhibits with items from this collection and is currently featuring a major exhibit on “Celebrating the Past, Embracing the Future: 70 Years of Bulldog Pride” in honor of Navarro College’s 70<sup>th</sup> Anniversary.
- In fall 2017-2018, the Pearce Museum launched an outreach Living History program and expanded online resources for classroom teachers. The Pearce Museum and Planetarium also expanded services to Navarro College faculty and students. The Museum staff works with Navarro College faculty to enhance instruction in subject areas including math, science, art, language arts, history, and civics. The Pearce Museum staff works closely with the Fine Arts faculty to produce an annual Student Art Show, and an Honors Program Art Show and a Faculty Art Show. The Planetarium and the Pearce Museum are open to the public Saturday mornings as well as Monday-Friday. The increased hours resulted in increased traffic in the Museum. The Museum continues to be an enormous asset to the college and the community.
- The “Open Door to Success” scholarship program continues to assist in identifying students with the potential to succeed who are not enrolling in college for a variety of reasons. This program provides individualized counseling and financial assistance to qualifying students. In fiscal year 2017-2018, the Navarro College Foundation awarded thirty-two (32) students scholarships totaling \$31,000. Each recipient received \$500 per semester. This is endowed scholarship and will be available to eligible students for years to come.
- In 2018-2019, the Navarro College Foundation awarded a total of 497scholarships across the district totaling \$385,270. The Foundation conducted three major fundraisers in 2018, Dancing for Our Stars in Corsicana, Brilliance in Waxahachie, and Mardi Gras in Mexia which raised over \$435,252 in gross revenue and netting \$318,089.

- 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 managed by two full-time faculty and prepares students to work on today and tomorrow's John Deere equipment as they learn to cope with technological advancements in the farm equipment industry. Thirty students are enrolled in the program in the 2018-2019 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. In October 2015, at the request of the Johnson County Sheriff's office, Police Academy, instruction began in Johnson County and continues with a full cohort of students. The Navarro College Police Academy currently offers four full time Police Academies and three part-time Police Academies each year. The full time locations are in Corsicana and Waxahachie. Our part time locations are currently Corsicana, Waxahachie and Johnson County. The City of Fairfield had requested a Police Academy be offered at the Career and Technical Center at Fairfield, and it was implemented in January 2017. The Basic Peace Officer Course offered by the Police Academy is a 680-hour program designed to prepare the student 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 required by state mandate to complete 40 hours of training every two years. The Police Academy offers approximately 50 of these courses each year.
- The Navarro College Fire Academy certifies students through Texas Commission for Fire Protection (TCFP). The Navarro College EMT Academy students are certified through the National Registry of Medical Technology (NRMT) and have an 87% pass rate. Navarro College Paramedic Academy students are certified through (NRMT) and have a 91% 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 was awarded Skills for Small Business Grants to train employees of local small businesses and has been awarded a Skills Development Grant to work with the Owens Corning Company to provide continuing education training for Owens Corning employees. Continuing Education programs include Medication Aide, Certified Medical Assistant, Certified Nursing Aide, Pharmacy Technician, Phlebotomist, EKG Technician, Patient Care Technician, computer science programs, community enrichment programs, and a workplace training initiative. Plans are in place to add Electronic Health Records and Dialysis Technician this coming year
- Navarro College was awarded \$406,123 from the Carl Perkins funds for the 2018-2019 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.
- The annual Career Expo occurred on October 16, 2018, from 9:30 a.m. - 2:00 p.m., hosted by the Perkins CTE Success Center staff. Approximately 500 area high school students attended the Career Expo 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 Navarro College Physical Therapist program has been accredited since 2016, with an annual enrollment rate of 23 students. In 2016, the program received the highest number of years for initial accreditation. Since this time, the program has graduated two cohorts, with another cohort completing the program in December of 2018. The fourth cohort will begin the program in January of 2019. Last year, the program boasts a 100% passing rate for both the licensure board exams and employment rate within 6 months of completion.
- 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, placed the program on conditions, and requested that a Follow-Up Report be submitted in 2019. If the Board of Commissioners receives the Follow-Up Report, the next evaluation visit will be scheduled for Spring 2025.
- In January 2017, the Navarro College Foundation hosted the fifth annual Martin Luther King Breakfast to commemorate the life and works of Dr. Martin Luther King. The Navarro College choir provided entertainment. Dr. Tommy Brown of Dallas, Texas was the keynote speaker. Dr.

Brown was a 1982 graduate of Navarro College and a 1980 graduate of Ennis High School. The breakfast was well attended by faculty, staff, and the community. Corsicana High School student, Brandon Osborn was presented a \$1,000 scholarship by Board of Trustee member Ms. Faith Hope, for her award winning essay "Providing a Role Model for Any Young Man or Woman" on the life of Dr. King. The Navarro College Choir provided entertainment that was enjoyed by everyone.

## **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, 2018, 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 2014, following the arrival of a new District President and the College's practice of periodic rotation of auditing firms, 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. In FY 2017, the Board of Trustees approved an extension to engage Whitley Penn, LLP as its independent firm for another year ended August 31, 2018.

## **MAJOR INITIATIVES**

### Academic Program Enhancements:

Navarro College completed the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) ten-year Reaffirmation process in June, 2017 with the SACSCOC Board of Directors voting to approve the College's reaccreditation at its June meeting. The Compliance Certification report was submitted in March, 2015, and the SACSCOC on-site visit was October, 2015.

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 2,532 graduates, with 1,758 Bachelor of Science in Interdisciplinary Studies, 325 Bachelor in Applied Arts and Sciences (BAAS), 141 Bachelor of Science in Criminal Justice, 45 Bachelor of Business Administration (BBA), 19 Bachelor of Science in Instructional Training and Design (TDEV), 17 Bachelor of Science in Liberal Studies (BSLS), 111 Bachelor of General Studies (BGS), 2 in Bachelor of Science in Environmental Science, and 124 Master's degrees conferred through Spring 2018.

- 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 370 students are currently registered with Navarro College through this program for at least one dual credit course, and in spring 2018. Eighty-two (82) students graduated with their Associate Degree in May 2018. The District offers dual credit courses at the majority of high schools in Ellis, Navarro, Limestone, Freestone, and Leon counties. In the fall of 2017, thirty-five (35) high schools offered dual credit courses, with approximately 3,200 students participating district-wide.
- Fifteen high schools within the Navarro College District offer dual credit academies/cohorts including; Avalon HS, Blooming Grove HS, Corsicana HS, Ennis HS, Frost HS, Groesbeck 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. Several Navarro College online degree programs have been routinely ranked among the best or most affordable online degree programs in the country, most notable are the Education and Teaching Degree by AffordableCollegesOnline.Org in 2016-2017, and most recently Fire Sciences program was ranked as the best by OnlineAssociatesDegrees.com in 2018. The Navarro College Online Instruction program offers approximately a dozen degree and certificate programs through which 80-100% can be attained completely online. Additionally, students are able to complete at least 50% or more of the classes online for every degree and certificate available at Navarro College. In Fall 2017, Navarro College was selected as one of six schools to participate in the Texas Higher Education Coordinating Board's GradTX program, which is a program designed to help adults who have attained at least 45 semester credit hours, but (for various reasons) dropped out of college prior to completing their degree. The Coordinating Board has identified individuals throughout the state of Texas who fit this description, and has created this program to provide a pathway for completion. Since these students reside in other parts of the state, this provides an excellent opportunity for them to enroll into online courses with Navarro College. In January 2018, Navarro College officially adopted the Canvas Learning Management System, which replaced the Blackboard system that had been in use since 2004. Canvas provides several enhancements to the online learning environment, including improved capabilities for the professor and the learner to communicate and interact. In fall 2018, the Dean of Online Instruction launched the Navarro College Faculty IDEA Center in the A.L. Bain Center on the Corsicana Campus. The IDEA Center (which stands for Innovation, Development, Engagement), will serve as a learning lab for faculty, and is equipped with a 24-station computer lab and a small-group conference room. The Dean of Online Instruction's office is also located within the Center. Services to distance learning students continues to improve with the addition of UpSwing (an online tutoring and advising platform) the MyNC Portal, and Self-Service (which provides increased access to registration, degree planning, and other student services).
- 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 "Sound of Navarro" marching band was invited to participate as the "featured" band at multiple marching contests throughout Texas in the Fall of 2018 and hopes to accept two of those invitations. On September 29th, the band will be the showcase band at the Midlothian Marching Contest where over 30 high school bands, including an estimated 5,000 students, will compete. The band will also be featured at the Region 8 UIL Region Marching Competition, which will encompass every 4A-5A-6A band from Ennis to Austin. The band program looks forward to representing Navarro College at these events.
- In the fall of 2016, Navarro College was awarded \$129,237 in the Texas Science, Technology, Engineering, and Math (T-STEM) challenge scholarship program for the 2016-2017 and 2017-2018 appropriation year. Navarro College has awarded \$7500 in scholarships from this fund in Fall 2017. In addition, Navarro College anticipates awarding an additional \$7500 in the fall semester to 6 students, and \$21,000 in spring and summer terms. Navarro College transmitted the following amounts to students during the 2017/2018 school year: fall 2017 - \$9,376.55, spring 2018 - \$13,035.77, and summer 2018 - \$970. So far this fall 2018 semester, Navarro College has transmitted \$7,460.00 to students, and more applications are currently being processed. OWTTE. In June 2017, Navarro College was awarded an additional \$21,609 in

scholarship allotments for the 2018-2019 academic year. This will allow Navarro College to award 8 additional scholarships in that academic year. In order to qualify for this grant, students must have a 3.0 GPA in all STEM-related courses throughout their high school career, must be enrolled as a full-time student, must have self-declared a major in a STEM field, must have registered for selective service (when applicable), and should agree to work no more than 15 hours a week for a business related to their field of study which has partnered with the college through the T-STEM program. Students are NOT required to be U.S. citizens. Once awarded, students must maintain a 3.0 GPA and must have completed 80% of the coursework attempted in order to receive the grant for additional semesters. Marketing efforts have been coordinated with the Student Recruiting Office and flyers have been distributed district wide. In June 2017, the Texas Higher Education Coordinating Board (THECB) announced the phase-out of the TSTEM Challenge Scholarship Program and offered an optional one-year grant extension, which includes additional funds for the merit scholarships mentioned above for the 2018-2019 FY. The contract amendment with the THECB specifies a last day of expenditure of August 31, 2019. All funds in the Navarro College TSTEM account must be expended by this date or returned to the THECB.

- The Navarro College Welding Lab at Fairfield prepares the local population, as well as dual credit students, to earn welding certificates and an Associates of Applied Science Degree in Welding. 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 and Texas A&M University at Commerce to offer eight bachelor degrees in the following areas: Agribusiness, Business Administration, General Business, Psychology, Criminal Justice Administration, Manufacturing and Industrial Management, and Interdisciplinary Studies (elementary education).
- 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. The District has implemented upgrades in many areas of the technological infrastructure for 2018.

- As part of the reaccreditation process, the District developed a Quality Enhancement Plan (QEP), Together Everyone Achieves Math Mastery (TEA(M)<sup>2</sup>). The focus of the QEP program is to increase student completion in developmental and credit-bearing mathematics courses necessary to meet degree requirements. Since SACSCOC approval October 2015, Navarro College has implemented strategies including Tutorial Services, Academic Support Services, Assessment, Professional Development, and Engagement & Empowerment.

- The District provides several initiatives devoted to serving and supporting the academic needs of the students enrolled within the District. These initiatives include such programs as online and face-to-face tutoring, academic advising, university-transfer assistance, personal and career counseling, mentoring, TRIO Student Support Services, and Carl Perkins Career services. Testing services are provided not only for placement, but also for diagnostics, educational progress and completion, and university transfer support. In addition, Disability Services provides accommodations to enhance student success in the classroom and beyond.
- The Student Life department has several initiatives designed to help stimulate student leadership and development. These include an active Student Government Association on each of the Corsicana, Midlothian, and Waxahachie Campuses, a wide variety of student clubs, honor societies, and other organizations, as well as a busy programming schedule of student activities provided and designed around the needs of both on-campus resident and commuter students. In addition, Intramurals provide an outlet for students who may not be in athletics but who may have interest in athletic competition for recreational purposes.

#### 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 2017-18 year with a record of 18-12 and were a Region XIV Tournament Qualifier. Four student-athletes transferred to university basketball programs.
- The baseball team had a record of 35-22 for the 2018 season. They were Conference and Region XIV Zone Tournament Finalist. Twelve student-athletes were named to the all-conference team (one was an All-Region selection and one was a Gold Glove winner). All twelve players transferred to university programs.
- The soccer team finished 16-2-0 and were runners up in the Region XIV District Championship. Four student-athletes were named All-Region Honors and three were honorable mentions, one player earned All-American Region Honors, and one player earned NJCAA All-American honors. Five players transferred to university programs.
- The softball team finished 26-22 for the 2018 season. Six athletes earned All-Conference Honors, four 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. Five athletes transferred to university programs and all seven sophomores graduated from Navarro and went to universities.
- The football team finished with a 6-4 record for the 2017 season. Navarro lost in the SWSFC semifinals. The 2017 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 Conference Player of the Year.
- The cheerleaders finished first in 2018 NCA National Championship. They have brought home an NCA National Championship in 13 of the last 19 years and have won five Grand National Championships. Eleven cheerleaders went on to university programs.
- The volleyball team finished the 2017 season with a 27-12 record. They finished the Regular Season NJCAA Poll #14 in the Nation. Three student athletes were named to the first Team All

Region. One student-athlete was named to the second Team All-Region team. One student athlete was named Player of the Year-Conference. One student athlete was named to the NJCAA 1<sup>st</sup> Team All-American, and one student athlete was named to the AVCA 2<sup>nd</sup> Team 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 16 athletes named to the 2017-2018 Region XIV All-Academic Team and fifteen players named as NJCA A Academic All-Americans. The Baseball (3.19), and Soccer (3.11) teams earned recognition as NJCAA Academic Teams of the Year.

#### Construction and Expansion Projects:

In 2018, the College purchased .186 acres and a house on 45<sup>th</sup> street for \$60,000 plus closing costs resulting in the College owning all the property and homes on that block. The College also purchased 2.62 acres beside the Cook Center for \$150,000.

During the 2017- 2018 year a number of improvements were completed at the Corsicana Campus. These included the following:

- Entered into a contract to install fiber connections to increase the bandwidth for Residential Housing students for \$19,500 a month for 5 years. This will significantly increase student's ability to connect to the internet in housing.
- Renovated and remodeled Chemistry Laboratory in Drane Hall, DH 106
- Moved Associate Degree Nursing to Waxahachie
- Repaired a major natural gas leak during the Christmas Holidays
- Replaced carpet in college dorm apartments 10, 11, 12, and 13.
- Repainted college apartments 10,11,12, and 13
- Replaced windows in College apartments 4 and 5.
- Replaced vanities, countertops, and faucets in college apartments 6 and 7.
- Replaced cabinets and countertops and installed 4 inch raceway for new Dr. Pepper drink machine in Deli
- Installed and painted wrought Iron fence for John Deere Agriculture equipment
- Remodeled men's restroom on 1<sup>st</sup> floor of Gooch One Stop

In 2018, a number of improvements were completed at the Waxahachie Campus. These included the following:

- The Associate Degree Nursing program was relocated from the Corsicana Campus to the Waxahachie Campus. Additionally, the Licensed Vocational Nursing program was moved from Building A to Building C. This involved constructing laboratories, computer classrooms, and instructional offices. This involved moving a great deal of furniture and equipment, installing plumbing, and increasing the size of one of the classrooms.
- Additional construction was completed in Buildings A and B of the Waxahachie Campus to accommodate the classes displaced by moving the nursing classes into building C. This involved dividing two large classrooms into four smaller classrooms. Furniture was moved from building C into buildings A and B.
- The Small Business Development Center was switched with the Faculty Workroom in Building C of the Waxahachie Campus to accommodate adjunct faculty.
- The Physics Laboratory at the Waxahachie Campus was moved from C128 to A122, and the Industrial Maintenance laboratory equipment was moved to the Corsicana Campus.



- The Anatomy Laboratory on the Waxahachie Campus was moved from A119 to C128. A119 was turned into an Art Studio. Equipment for both laboratories was purchased through the Navarro College Foundation.
- The Business Information Technology program was moved online and the computers for that program were moved to building C to support the Nursing programs.

On the Mexia Campus a number of improvements were made which included:

- Constructed new campus monument sign on Mexia Campus
- Added trees and lights to parking lot

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Navarro College for its comprehensive annual financial report for the fiscal year ended August 31, 2017. This was the seventeenth consecutive year (2001 through 2017) 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 Comptroller, Kathleen Armstrong, CPA, Staff Accountant, and Janet Daugherty, Budget Officer. In addition, various members of the President's Cabinet 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 for their interest in planning and conducting the operations of the District in a professional manner.

Respectfully submitted,



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

NAVARRO COLLEGE DISTRICT  
Organization Chart

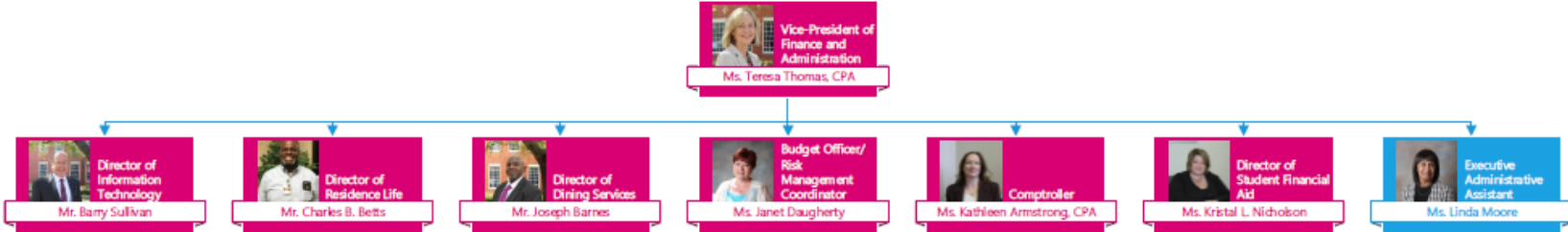
DISTRICT ADMINISTRATION

ixx



NAVARRO COLLEGE DISTRICT  
Organization Chart

FINANCE AND ADMINISTRATION



**Navarro College District**  
**Principal Officials**  
**Year Ended August 31, 2018**

**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 2019
Phil Judson	Corsicana, Texas 2023
Billy Todd McGraw	Blooming Grove, Texas 2019
Loran Seely	Corsicana, Texas 2019
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, 2017**

*Christopher P. Morill*

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, 2018 and 2017, 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, 2018 and 2017. 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, 2018 and 2017, 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.

## **Emphasis of Matter**

As discussed in Note 1 and Note 23 to the financial statements, the District adopted the provisions of Government Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of August 31, 2018. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 7 through 15 and the pension and OPEB information on pages 60 through 66 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 13, 2018 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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
December 13, 2018



# 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, 2018. 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 \$28,866,499 (net position). Of this amount, (\$13,846,618) 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 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 \$6,708,957, a decrease of \$1,400,832 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 total bonded debt decreased by \$1,561,316 during the current fiscal year.
- Total net position of the District reflected an increase of \$899,140 to a total of \$28,866,499 at August 31, 2018, excluding a prior period adjustment which decreased net position by \$19,724,136.

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

The District is proud to present its financial statements for the fiscal years ended August 31, 2018 and 2017. 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 2017 to 2018	Percentage of Change 2017 to 2018
	2018	2017 *	2016		
<b>Assets</b>					
Current assets	\$ 37,528,636	\$ 37,879,157	\$ 36,411,751	\$ (350,521)	(0.93%)
Capital assets	61,781,798	62,838,348	64,270,585	(1,056,550)	(1.68%)
<b>Total assets</b>	<u>\$ 99,310,434</u>	<u>\$ 100,717,505</u>	<u>\$ 100,682,336</u>	<u>\$ (1,407,071)</u>	(1.40%)
<b>Total deferred outflows of resources</b>					
	<u>\$ 2,303,062</u>	<u>\$ 3,940,616</u>	<u>\$ 3,985,872</u>	<u>\$ (1,637,554)</u>	(41.56%)
Current liabilities	\$ 20,377,848	\$ 21,162,072	\$ 22,354,358	\$ (784,224)	(3.71%)
Noncurrent liabilities	46,747,474	53,302,597	34,611,649	(6,555,123)	(12.30%)
<b>Total liabilities</b>	<u>\$ 67,125,322</u>	<u>\$ 74,464,669</u>	<u>\$ 56,966,007</u>	<u>\$ (7,339,347)</u>	(9.86%)
<b>Total deferred inflows of resources</b>					
	<u>\$ 5,621,675</u>	<u>\$ 2,226,093</u>	<u>\$ 2,741,359</u>	<u>\$ 3,395,582</u>	152.54%
<b>Net position</b>					
Net investment in capital assets	\$ 40,339,844	\$ 39,660,444	\$ 38,280,836	\$ 679,400	1.71%
Restricted - expendable	2,373,273	2,132,341	2,295,108	240,932	11.30%
Unrestricted	(13,846,618)	(13,825,426)	4,384,898	(21,192)	0.15%
<b>Total net position</b>	<u>\$ 28,866,499</u>	<u>\$ 27,967,359</u>	<u>\$ 44,960,842</u>	<u>\$ 899,140</u>	3.21%

\* 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 2017 to 2018

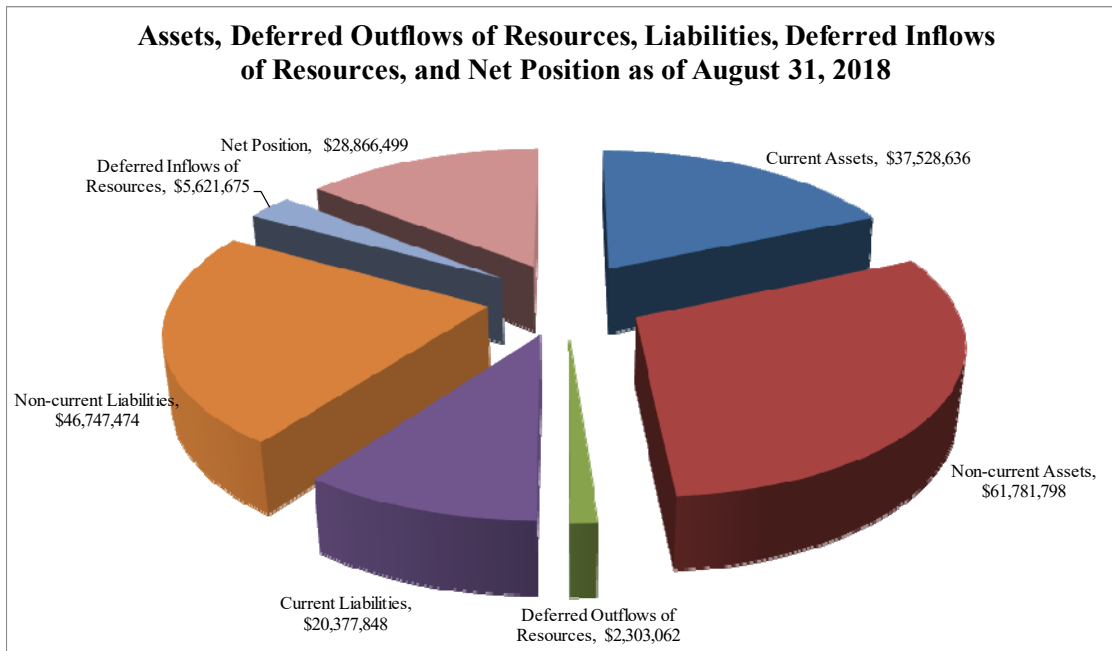
Current assets decreased to \$37,528,636 from \$37,879,157, for a decrease of (\$350,521) or (0.93%). Decreases were noted in cash and cash equivalents of (\$3,768,557). The decreases in cash and cash equivalents are offset by increases of \$3,065,435 in accounts receivable, \$157,683 in prepaid expenses,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



## NAVARRO COLLEGE DISTRICT

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

#### Financial Analysis from 2016 to 2017

Current assets increased by \$1,467,406 or 4.03%, due to increases of \$88,811 in cash and cash equivalents; \$487,062 in accounts receivable and \$895,610 in inventories; decrease of (\$4,077) in prepaid expenses. This increase in current assets is due to the inventory adjustment at year end increasing the balance of the bookstore inventory due to less sales in the bookstore for the Fall semester.

Capital assets show a decrease of (\$1,432,237) or (2.23%) after depreciation. This decrease in capital assets is a result of the District's annual increase of accumulated depreciation of (\$2,081,025) being more than capital assets additions for the year of \$648,788.

Total liabilities decreased to \$54,275,946 from \$56,966,007, for a decrease of (\$2,690,061) or (4.72%). Increases were noted in unearned revenue of \$418,382; \$181,931 in net pension liability; \$90,251 in compensated absences; \$28,061 in funds held for others. The decreases in loans of (\$75,000), capital leases of (\$200,000) and bonds payable of (\$2,626,316) are due to scheduled debt service payments and amortization of bond premiums. The increases are offset by decreases of (\$442,767) in accounts payable; (\$36,141) in claims and judgments; and (\$28,463) in accrued liabilities.

Deferred outflows decreased by (\$509,843) or (12.79%) and deferred inflows decreased (\$515,266) or (18.80%) as a result of GASB 68 adjustments to remove the accumulation of deferred outflows and inflows related to net pension liability.

In summary, the total net position of the District reflected an increase of \$2,730,653 to a total of \$47,691,495 at August 31, 2017. This change can be attributed to an increase of \$1,379,608 in net investment in capital assets and an increase in unrestricted net position of \$1,513,812 offset by a decrease of (\$162,767) in expendable restricted 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

	2018	2017	2016	Amount of Change 2017 to 2018	Percentage of Change 2017 to 2018
<b>Operating revenues</b>					
Tuition and fees	\$ 15,201,312	\$ 16,982,906	\$ 16,205,416	\$ (1,781,594)	(10.49%)
Sales and services	6,625,968	7,517,038	7,496,077	(891,070)	(11.85%)
Other operating revenues	267,904	217,531	196,380	50,373	23.16%
Total operating revenues	<u>22,095,184</u>	<u>24,717,475</u>	<u>23,897,873</u>	<u>(2,622,291)</u>	<u>(10.61%)</u>
<b>Nonoperating revenues</b>					
State appropriations	17,091,034	17,690,587	17,758,716	(599,553)	(3.39%)
Maintenance ad valorem property taxes	3,980,582	3,645,253	3,533,309	335,329	9.20%
Grants and contracts	17,766,326	16,758,002	18,982,946	1,008,324	6.02%
Gifts	926,182	903,810	856,846	22,372	2.48%
Investment income	123,628	102,303	93,031	21,325	20.84%
Other non-operating revenues	77,119	157,019	216,309	(79,900)	(50.89%)
Total nonoperating revenues	<u>39,964,871</u>	<u>39,256,974</u>	<u>41,441,157</u>	<u>707,897</u>	<u>1.80%</u>
Total revenues	<u>62,060,055</u>	<u>63,974,449</u>	<u>65,339,030</u>	<u>(1,914,394)</u>	<u>(2.99%)</u>
<b>Operating expenses</b>					
Instruction	19,801,849	19,545,759	20,148,443	256,090	1.31%
Public service	351,097	331,537	289,941	19,560	5.90%
Academic support	3,321,324	3,123,899	3,588,737	197,425	6.32%
Student services	4,752,342	4,540,335	4,550,759	212,007	4.67%
Institutional support	7,388,738	7,899,625	8,221,330	(510,887)	(6.47%)
Operation and maintenance of plant	4,189,188	4,013,560	3,774,689	175,628	4.38%
Scholarships and fellowships	8,330,076	9,879,276	11,467,584	(1,549,200)	(15.68%)
Auxiliary enterprises	10,132,772	8,904,115	9,833,242	1,228,657	13.80%
Depreciation expense	2,059,675	2,081,025	2,120,128	(21,350)	(1.03%)
Total operating expenses	<u>60,327,061</u>	<u>60,319,131</u>	<u>63,994,853</u>	<u>7,930</u>	<u>0.01%</u>
<b>Nonoperating expenses</b>					
Interest on capital related debt	833,854	924,665	1,028,332	(90,811)	(9.82%)
Total nonoperating expenses	<u>833,854</u>	<u>924,665</u>	<u>1,028,332</u>	<u>(90,811)</u>	<u>(9.82%)</u>
Total expenses	<u>61,160,915</u>	<u>61,243,796</u>	<u>65,023,185</u>	<u>(82,881)</u>	<u>(0.14%)</u>
Change in net position	899,140	2,730,653	335,936	(1,831,513)	(67.07%)
Beginning net position	27,967,359	44,960,842	44,624,906	(16,993,483)	(37.80%)
Prior period adjustment, GASB 75	-	(19,724,136)	-	-	(100.00%)
Ending net position	<u>\$ 28,866,499</u>	<u>\$ 27,967,359</u>	<u>\$ 44,960,842</u>	<u>\$ 899,140</u>	<u>3.21%</u>

## NAVARRO COLLEGE DISTRICT

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

#### 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.

#### Financial Analysis from 2016 to 2017

The Statement of Revenues, Expenses, and Changes in Net Position reflects a positive year, with a change of \$2,730,653 in net position at year-end. Operating revenues increased \$819,602 or 3.43%.

Non-operating revenues decreased by (\$2,204,274) or (5.32%). State allocations reported a decrease of (\$68,129). Grants and contracts decreased (\$2,224,944). Other non-operating revenues decreased by (\$59,290). These decreases are offset slightly by increases of \$91,853 in ad valorem taxes, \$9,272 in investment income, and \$46,964 in gifts. The decline in non-operating revenues is a result of the decrease in contracts and grants which include financial aid programs. These programs were utilized less due to the decrease in student enrollment.

Overall operating expenses decreased by (\$3,675,722) or (5.74%). This decrease is due largely to changes in the following categories: (\$602,684) in instruction; (\$464,838) in academic support; (\$321,705) in institutional support; (\$1,588,308) in scholarships and fellowships; (\$929,127) in auxiliary enterprises; and (\$39,103) in depreciation. These decreases are offset by the following increases: public service \$41,596; and operation and maintenance of plant \$238,871.

Non-operating expenses of interest on capital related debt decreased by (\$103,667) due to regular payment of principal and interest.

In summary, operational activities provided the District with an increase of \$2,730,653 which increased net position to a total of \$47,691,495 at August 31, 2017.

**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>2018</u>	<u>2017</u>	<u>2016</u>	<b>Amount of Change 2017 to 2018</b>	<b>Percentage of Change 2017 to 2018</b>
Cash provided by (used for):					
Operating activities	\$ (35,423,866)	\$ (31,368,823)	\$ (32,718,076)	\$ (4,055,043)	12.93%
Noncapital financing activities	35,086,023	35,776,958	44,155,402	(690,935)	(1.93%)
Capital and related financing activities	(3,539,208)	(4,407,962)	(3,798,503)	868,754	(19.71%)
Investing activities	108,494	88,638	97,297	19,856	22.40%
Net change in cash	(3,768,557)	88,811	7,736,120	(3,857,368)	(4,343.34%)
Cash, beginning of year	23,253,250	23,164,439	15,428,319	88,811	0.38%
Cash, end of year	<u>\$ 19,484,693</u>	<u>\$ 23,253,250</u>	<u>\$ 23,164,439</u>	<u>\$ (3,768,557)</u>	(16.21%)

# NAVARRO COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### 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.

### Financial Analysis from 2016 to 2017

An analysis of cash flows shows an overall increase of \$88,811 or .38% for 2017. The District ended fiscal year 2017 with \$23,253,250 in cash, compared to \$23,164,439 at the end of fiscal year 2016. The small increase in combined cash flow resulted from the District making a concerted effort to control expenses due to the decline in enrollment.

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

#### Debt Administration

As of August 31, 2018, the District had \$18,502,111 of revenue bonds outstanding, including \$17,850,000 in principal and \$652,111 in unamortized bond issuance premiums.

As of August 31, 2018, the forgivable loan balance from the Midlothian Economic Development Center (MEDC) was \$975,000.

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 2018. The following is a list of actions taken by the Committee during fiscal year 2018:

- 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, 2018 and 2017

	Primary Government		Component Unit	
	Navarro College District		Navarro College Foundation, Inc.	
	2018	2017	2018	2017
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 19,484,693	\$ 23,253,250	\$ 2,949	\$ -
Restricted cash and cash equivalents	-	-	55,600	66,891
Accounts receivable, net	13,338,707	10,273,272	30,327	28,087
Prepaid expenses	611,831	454,148	3,719	3,719
Investments	-	-	277,737	260,416
Inventories	4,093,405	3,898,487	-	-
Total current assets	<u>37,528,636</u>	<u>37,879,157</u>	<u>370,332</u>	<u>359,113</u>
<b>Noncurrent assets:</b>				
Long-term investments	-	-	4,455,927	4,158,327
Capital assets, net	61,781,798	62,838,348	8,539,817	8,531,588
Total noncurrent assets	<u>61,781,798</u>	<u>62,838,348</u>	<u>12,995,744</u>	<u>12,689,915</u>
Total assets	<u>99,310,434</u>	<u>100,717,505</u>	<u>13,366,076</u>	<u>13,049,028</u>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	774,198	851,285	-	-
Deferred outflows related to pensions	1,034,168	2,624,744	-	-
Deferred outflows related to OPEB	494,696	464,587	-	-
Total deferred outflows of resources	<u>2,303,062</u>	<u>3,940,616</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	1,603,024	1,409,027	-	32,247
Accrued liabilities	195,576	207,972	-	-
Funds held for others	588,812	540,310	-	-
Unearned revenue	16,047,772	17,205,402	-	-
Accrued compensated absences - current portion	176,284	85,370	-	-
Accrued claims and judgments - current portion	16,380	13,991	-	-
Capital lease - current portion	210,000	205,000	-	-
Bonds payable - current portion	1,540,000	1,495,000	-	-
Total current liabilities	<u>20,377,848</u>	<u>21,162,072</u>	<u>-</u>	<u>32,247</u>
<b>Noncurrent liabilities:</b>				
Accrued compensated absences	2,509,933	2,488,686	-	-
Accrued claims and judgments	49,138	41,972	-	-
Loan payable	975,000	1,050,000	-	-
Capital lease	2,645,000	2,855,000	-	-
Net pension liability	6,708,957	8,109,789	-	-
Net OPEB liability	16,897,335	20,188,723	-	-
Bonds payable	16,962,111	18,568,427	-	-
	<u>46,747,474</u>	<u>53,302,597</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>67,125,322</u>	<u>74,464,669</u>	<u>-</u>	<u>32,247</u>
<b>Deferred inflows of resources</b>				
Deferred inflows related to pensions	1,885,593	2,226,093	-	-
Deferred inflows related to OPEB	3,736,082	-	-	-
Total deferred inflows of resources	<u>5,621,675</u>	<u>2,226,093</u>	<u>-</u>	<u>-</u>
<b>Net position</b>				
Net investment in capital assets	40,339,844	39,660,444	8,539,817	8,531,588
Restricted for:				
Nonexpendable:				
Scholarships and fellowships	-	-	146,600	146,600
Pearce Museum	-	-	1,322,296	1,322,296
Expendable:				
Scholarships and fellowships	1,923,938	1,692,917	3,072,960	2,784,409
Debt service	449,335	439,424	-	-
Unrestricted	<u>(13,846,618)</u>	<u>(13,825,426)</u>	<u>284,403</u>	<u>231,888</u>
Total net position, as restated	<u>\$ 28,866,499</u>	<u>\$ 27,967,359</u>	<u>\$ 13,366,076</u>	<u>\$ 13,016,781</u>

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, 2018 and 2017**

	Primary Government		Component Unit	
	Navarro College District		Navarro College Foundation, Inc.	
	2018	2017	2018	2017
<b>Operating revenues:</b>				
Tuition and fees (net of scholarship allowances and discounts of \$5,765,993 and \$4,240,703, respectively)	\$ 15,201,312	\$ 16,982,906	\$ -	\$ -
Gifts	-	-	587,486	462,188
Sales and services of educational activities	552,267	492,709	-	-
Auxiliary enterprises (net of scholarship allowances and discounts of \$2,471,141 and \$1,817,445, respectively)	6,073,701	7,024,329	-	-
Other operating revenues	267,904	217,531	-	-
Total operating revenues	<u>22,095,184</u>	<u>24,717,475</u>	<u>587,486</u>	<u>462,188</u>
<b>Operating expenses:</b>				
Instruction	19,801,849	19,545,759	-	-
Public service	351,097	331,537	-	-
Academic support	3,321,324	3,123,899	-	-
Student services	4,752,342	4,540,335	-	-
Institutional support	7,388,738	7,899,625	82,796	97,216
Operation and maintenance of plant	4,189,188	4,013,560	-	-
Scholarships and fellowships	8,330,076	9,879,276	357,135	303,255
Auxiliary enterprises	10,132,772	8,904,115	-	-
Depreciation	2,059,675	2,081,025	-	-
Total operating expenses	<u>60,327,061</u>	<u>60,319,131</u>	<u>439,931</u>	<u>400,471</u>
Operating income (loss)	<u>(38,231,877)</u>	<u>(35,601,656)</u>	<u>147,555</u>	<u>61,717</u>
<b>Nonoperating revenues (expenses):</b>				
State appropriations	17,091,034	17,690,587	-	-
Ad valorem property taxes for maintenance and operations	3,980,582	3,645,253	-	-
Federal grants and contracts	16,250,333	15,292,945	-	-
State grants and contracts	1,238,978	1,361,855	-	-
Local grants and contracts	277,015	103,202	-	-
Investment income	123,628	102,303	368,705	228,813
Gifts	926,182	903,810	-	-
Interest on capital asset-related debt	(833,854)	(924,665)	-	-
Other nonoperating revenues (expenses), net	77,119	157,019	(166,965)	(9,738)
Net nonoperating revenues	<u>39,131,017</u>	<u>38,332,309</u>	<u>201,740</u>	<u>219,075</u>
Increase (decrease) in net position	899,140	2,730,653	349,295	280,792
Net position - beginning of year	<u>27,967,359</u>	<u>44,960,842</u>	<u>13,016,781</u>	<u>12,735,989</u>
Prior period adjustment, GASB 75 restatement		<u>(19,724,136)</u>		
Net position - end of year	<u>\$ 28,866,499</u>	<u>\$ 27,967,359</u>	<u>\$ 13,366,076</u>	<u>\$ 13,016,781</u>

See accompanying notes to the financial statements.

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

**Years Ended August 31, 2018 and 2017**

	Primary Government Navarro College District	
	2018	2017
<b>Cash flows from operating activities</b>		
Receipts from students and other customers	\$ 29,217,311	\$ 30,681,818
Receipts from third-party student loans	11,177,781	15,392,047
Receipts from gifts and others for other than capital purposes	961,985	985,829
Other receipts	279,747	217,531
Loans issued to students	(13,994,168)	(15,495,431)
Payments to employees	(30,819,537)	(30,321,617)
Payments to suppliers and students	(32,246,985)	(32,829,000)
Net cash provided by (used in) operating activities	<u>(35,423,866)</u>	<u>(31,368,823)</u>
<b>Cash flows from noncapital financing activities</b>		
Receipts of state appropriations	14,212,580	15,421,000
Receipts from ad valorem property taxes for maintenance and operation	3,966,206	3,633,622
Receipts of grants and contracts	16,907,237	16,722,336
Net cash provided by (used in) noncapital financing activities	<u>35,086,023</u>	<u>35,776,958</u>
<b>Cash flows from capital and related financing activities</b>		
Purchases of capital assets	(1,003,728)	(705,605)
Payments on capital debt principal	(1,700,000)	(2,760,000)
Payments on capital debt interest	(835,480)	(942,357)
Net cash provided by (used in) capital and related financing activities	<u>(3,539,208)</u>	<u>(4,407,962)</u>
<b>Cash flows from investing activities</b>		
Receipts from interest on investments	108,494	88,638
Net cash provided by (used in) investing activities	<u>108,494</u>	<u>88,638</u>
Net increase (decrease) in cash and cash equivalents	(3,768,557)	88,811
Cash and cash equivalents - beginning of year	<u>23,253,250</u>	<u>23,164,439</u>
Cash and cash equivalents - end of year	<u>\$ 19,484,693</u>	<u>\$ 23,253,250</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating income (loss)	\$ (38,231,877)	\$ (35,601,656)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation expense	2,059,675	2,081,025
On-behalf payments	2,878,454	2,269,587
Receipts from gifts and others for other than capital purposes	961,985	985,829
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in receivables, net	(2,982,006)	(221,741)
(Increase) decrease in prepaid expenses	(157,683)	4,077
(Increase) decrease in inventories	(194,918)	(895,610)
(Increase) decrease in deferred outflows of resources - pension	1,590,576	432,757
(Increase) decrease in deferred outflows of resources - OPEB	(30,109)	-
Increase (decrease) in accounts payable	193,997	(385,947)
Increase (decrease) in funds held for others	48,502	28,060
Increase (decrease) in unearned revenue	(385,540)	214,021
Increase (decrease) in accrued compensated absences	112,161	90,251
Increase (decrease) in accrued claims and judgments	9,555	(36,141)
Increase (decrease) in net pension liability	(1,400,832)	181,931
Increase (decrease) in net OPEB liability	(3,291,388)	-
Increase (decrease) in deferred inflows of resources - pension	(340,500)	(515,266)
Increase (decrease) in deferred inflows of resources - OPEB	3,736,082	-
Net cash used in operating activities	<u>\$ (35,423,866)</u>	<u>\$ (31,368,823)</u>
<b>Noncash investing, capital and financing activities:</b>		
State appropriations on-behalf payments	<u>\$ 2,878,454</u>	<u>\$ 2,269,587</u>
Contributed real estate improvements and equipment	<u>\$ -</u>	<u>\$ 25,702</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, 2018 and 2017**

**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, 2018 and 2017, the Foundation expended \$239,972 and \$213,688, 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 are valued at the lower of cost or market using the average cost 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, 2018 and 2017, consists of the following amounts which have not yet been earned:

	<u>2018</u>	<u>2017</u>
Tuition and fees	\$ 9,385,202	\$ 9,803,918
Auxiliary	2,330,060	2,296,884
Federal grants	<u>4,332,510</u>	<u>5,104,600</u>
	<u>\$ 16,047,772</u>	<u>\$ 17,205,402</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 item that qualifies 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the other postemployment benefits (OPEB) that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

GASB Statement No. 85, *Omnibus 2017*. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

##### 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, 2018 and 2017, consist of the following:

	2018	2017
Cash - demand deposits	\$ 16,503,798	\$ 21,022,105
Cash - certificates of deposit	2,975,000	2,225,000
Cash - petty cash on hand	5,895	6,145
Total deposits	\$ 19,484,693	\$ 23,253,250

Deposits and investments of the Foundation at August 31, 2018 and 2017, consist of the following:

	2018	2017
<u>Deposits</u>		
Cash - demand deposits	\$ 58,549	\$ 66,891
Total deposits	58,549	66,891
<u>Investments</u>		
Cash equivalents	94,692	100,125
Certificates of deposit	1,227,620	1,043,050
U. S. government securities	372,441	298,475
Corporate bonds	412,762	648,835
Marketable equity securities	2,615,020	2,317,804
Other investments	11,129	10,454
Total investments	4,733,664	4,418,743
Total deposits and investments	\$ 4,792,213	\$ 4,485,634

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:

Description	8/31/2018	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
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>

Description	8/31/2017	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available- for-sale- securities	\$ 4,418,743	\$ 4,418,743	\$ -	\$ -
Total	<u>\$ 4,418,743</u>	<u>\$ 4,418,743</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, 2018 and 2017, consist of the following:

	<u>2018</u>	<u>2017</u>
Tuition and fees	\$ 7,436,866	\$ 7,450,748
Ad valorem property taxes	301,866	287,490
Federal and state grants	4,334,196	1,426,913
Interest	30,800	15,666
Auxiliary and other	<u>2,646,495</u>	<u>2,503,971</u>
	14,750,223	11,684,788
Less allowance for doubtful accounts	<u>(1,411,516)</u>	<u>(1,411,516)</u>
Accounts receivable, net	<u><u>\$ 13,338,707</u></u>	<u><u>\$ 10,273,272</u></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, 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	<u>8,156,307</u>	<u>-</u>	<u>-</u>	<u>8,156,307</u>
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	<u>7,528,559</u>	<u>221,835</u>	<u>(25,490)</u>	<u>7,724,904</u>
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	<u>(3,765,434)</u>	<u>(277,877)</u>	<u>-</u>	<u>(4,043,311)</u>
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	<u>(5,186,074)</u>	<u>(439,156)</u>	<u>23,803</u>	<u>(5,601,427)</u>
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 District for the year ended August 31, 2017 was as follows:

	Balance September 1, 2016	Additions	Transfers and Retirements	Balance August 31, 2017
Capital assets, not being depreciated:				
Land	\$ 2,641,656	\$ 98,230	\$ -	\$ 2,739,886
Collections	434,339	-	-	434,339
Total capital assets, not being depreciated	<u>3,075,995</u>	<u>98,230</u>	<u>-</u>	<u>3,174,225</u>
Capital assets, being depreciated:				
Buildings and building improvements	74,418,968	321,322	-	74,740,290
Other real estate improvements	8,156,307	-	-	8,156,307
Total buildings and other real estate improvements	82,575,275	321,322	-	82,896,597
Library books	1,647,276	15,745	-	1,663,021
Furniture and equipment	7,357,619	213,491	(42,551)	7,528,559
Total capital assets, being depreciated	<u>91,580,170</u>	<u>550,558</u>	<u>(42,551)</u>	<u>92,088,177</u>
Less accumulated depreciation:				
Buildings and building improvements	(20,872,932)	(1,306,756)	-	(22,179,688)
Other real estate improvements	(3,482,077)	(283,357)	-	(3,765,434)
Total buildings and other real estate improvements	(24,355,009)	(1,590,113)	-	(25,945,122)
Library books	(1,241,942)	(50,916)	-	(1,292,858)
Furniture and equipment	(4,788,629)	(439,996)	42,551	(5,186,074)
Total accumulated depreciation	<u>(30,385,580)</u>	<u>(2,081,025)</u>	<u>42,551</u>	<u>(32,424,054)</u>
Total capital assets, being depreciated (net)	<u>61,194,590</u>	<u>(1,530,467)</u>	<u>-</u>	<u>59,664,123</u>
Total capital assets, net	<u>\$ 64,270,585</u>	<u>\$ (1,432,237)</u>	<u>\$ -</u>	<u>\$ 62,838,348</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, 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>

Capital asset activity for the Foundation for the year ended August 31, 2017 was as follows:

	Balance September 1, 2016	Additions	Transfers and Retirements	Balance August 31, 2017
Capital assets, not being depreciated:				
Collections	\$ 8,527,088	\$ 4,500	\$ -	\$ 8,531,588
Total capital assets, not being depreciated	<u>8,527,088</u>	<u>4,500</u>	<u>-</u>	<u>8,531,588</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>\$ 8,527,088</u>	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ 8,531,588</u>



**Navarro College District**

**Notes to Financial Statements (continued)**

**Note 7 - Long-Term Liabilities**

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	-
Total bonds and loan payable	21,113,427	-	(1,636,316)	19,477,111	1,540,000
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	-
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>\$ 1,942,664</u>

Long-term liability activity for the year ended August 31, 2017 was as follows:

	Balance September 1, 2016	Additions	Reductions	Balance August 31, 2017	Due Within One Year
Bonds and loan payable:					
Revenue bonds	\$ 21,905,000	\$ -	\$ (2,560,000)	\$ 19,345,000	\$ 1,495,000
Issuance premiums	784,743	-	(66,316)	718,427	-
Loan payable	1,125,000	-	(75,000)	1,050,000	-
Total bonds and loan payable	23,814,743	-	(2,701,316)	21,113,427	1,495,000
Capital lease	3,260,000	-	(200,000)	3,060,000	205,000
Other liabilities:					
Net pension liability	7,927,858	181,931	-	8,109,789	-
Compensated absences	2,483,805	356,575	(266,324)	2,574,056	85,370
Claims and judgments	92,104	-	(36,141)	55,963	13,991
	<u>\$ 37,578,510</u>	<u>\$ 538,506</u>	<u>\$ (3,203,781)</u>	<u>\$ 34,913,235</u>	<u>\$ 1,799,361</u>

**Navarro College District**

**Notes to Financial Statements (continued)**

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

Revenue bonds at August 31, 2018 and 2017, which were all issued to provide funds for the acquisition and construction of major capital facilities, are comprised of the following individual issues:

	2018	2017
\$3,550,000 series 2006 revenue bonds due in annual installments of \$95,000 to \$245,000 through May 2027; interest at 3.7%	\$ 1,745,000	\$ 1,930,000
\$3,550,000 series 2007 revenue bonds due in annual installments of \$120,000 to \$250,000 through May 2027; interest at 4.08%	1,940,000	2,115,000
\$4,075,000 series 2009 revenue bonds due in annual installments of \$135,000 to \$300,000 through May 2029; interest at 4.56%	2,660,000	2,840,000
\$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%	11,505,000	12,460,000
	\$ 17,850,000	\$ 19,345,000

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.

**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, 2018, are as follows:

For the Year Ended August 31,	Revenue Bonds		Total
	Principal	Interest	
2019	\$ 1,540,000	\$ 696,976	\$ 2,236,976
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
2024-2028	9,275,000	1,133,179	10,408,179
2029	300,000	13,680	313,680
	\$ 17,850,000	\$ 4,065,912	\$ 21,915,912

The District has pledged certain future tuition and fees to repay \$17.9 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 \$21.9 million. Principal and interest paid for the current year and total of pledged tuition and fees were \$2.2 million and \$8.6 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.

The District leases a building under a non-cancelable capital lease agreement that expires in August 2029. Amortization of assets held under capital leases is included with depreciation expense. Assets under capital leases at August 31, 2018 consisted of the following:

Building	\$ 4,651,416
Less: accumulated amortization	(1,075,875)
	\$ 3,575,541

**Navarro College District**

**Notes to Financial Statements (continued)**

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

The future minimum lease obligations and the net present value of future minimum lease payments as of August 31, 2018 are as follows:

Fiscal Year	Amount
2019	\$ 299,775
2020	305,575
2021	308,975
2022	312,075
2023	309,875
2024-2028	1,588,928
2029	324,844
Total minimum lease payments	3,450,044
Less amounts representing interest (at rates ranging from 4.0% to 4.6%)	(595,044)
Present value of minimum capital lease payments	\$ 2,855,000

**Note 9 - Employees' Retirement Plan**

*Plan Description.* The District participates in a cost-sharing multi-employer defined benefit pension 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.

*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.

**Navarro College District**

**Notes to Financial Statements (continued)**

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

*Benefits Provided (continued).* 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 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017. The 85th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2019.

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:

	<b>Contribution Rates</b>	
	<b>Plan Fiscal Year</b>	
	<b>2017</b>	<b>2018</b>
Member (Employee)	7.7%	7.7%
District (Employer) / Non-Employer Contributing Entity (State)	6.8%	6.8%

	<b>Measurement Year (2017)</b>		<b>Fiscal Year (2018)</b>
	<b>Contributions Required and Made</b>	<b>Pension Expense</b>	<b>TRS 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

**Navarro College District**

**Notes to Financial Statements (continued)**

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

	<u>Measurement Year (2016)</u>		<u>Fiscal Year (2017)</u>
	<u>Contributions Required and Made</u>	<u>Pension Expense</u>	<u>TRS Contributions</u>
Member (Employee)	\$ 1,201,325	\$ -	\$ 1,236,916
District (Employer)	681,870	814,384	687,646
Non-employer contributing entity (State)	470,954	580,125	441,914

*Contributions (continued).* 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 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Inflation	2.5%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

# Navarro College District

## Notes to Financial Statements (continued)

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

*Discount Rate.* The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. 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 statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. 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. 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.

*Discount Rate (continued).* Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2017, are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return *
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<u>100%</u>		<u>8.7%</u>

\* The Expected Contributions to 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**

*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 (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

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 2016 Net Pension Liability.

	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
District's proportional share of the net pension liability	\$12,551,222	\$8,109,789	\$4,342,557

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

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

At August 31, 2017, the District reported a liability of \$8,109,789 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	0.0214610%
District's proportional share of the net pension	\$ 8,109,789
State's proportionate share of the net pension liability associated with the District	5,590,154
Total	\$ 13,699,943



**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, 2017 and 2016 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, 2016 thru August 31, 2017 and September 1, 2015 thru August 31, 2016, respectively.

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%.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.0214610% which was a decrease from its proportion measured as of August 31, 2015 of 0.0224276%.

**Changes since the Prior Actuarial Valuation**

There have been no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period. 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, 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.

For the fiscal year ended August 31, 2017, the District recognized pension expense of \$812,493 as well as on-behalf revenue and pension expense of \$580,125 representing pension expense incurred by the State on behalf of the District.

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	<u>630,413</u>	<u>-</u>
Total	<u>\$ 1,034,168</u>	<u>\$ 1,885,593</u>

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

At August 31, 2017, 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	\$ 127,160	\$ 242,154
Changes of assumptions	247,172	224,793
Difference between projected and actual earnings on pension plan investments	1,562,767	876,047
Changes in proportion and differences between District contributions and proportionate share of contributions	-	883,099
District contributions subsequent to the measurement date	687,645	-
Total	<u>\$ 2,624,744</u>	<u>\$ 2,226,093</u>

The \$687,645 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.

**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 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>
2018	\$ (105,072)
2019	(105,072)
2020	332,951
2021	(138,719)
2022	(232,506)
Thereafter	(40,576)
	<u>\$ (288,994)</u>

*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 6.6% 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 2018, 2017, and 2016 are shown in the table below.

<b>Year</b>	<b>Employee</b>		<b>District/State</b>		<b>District</b>	
	<b>Rate</b>	<b>Amount</b>	<b>Rate</b>	<b>Amount</b>	<b>Rate</b>	<b>Amount</b>
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
2016	6.65%	283,488	6.6%	281,356	1.9%	30,685

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 \$25,333,453 and \$24,918,105 for the years ended August 31, 2018 and 2017, respectively. The total payroll of employees covered by TRS was \$16,664,914 and \$16,064,631, and the total payroll of employees covered by ORP was \$4,077,207 and \$4,149,926 for the years ended August 31, 2018 and 2017, respectively.

# Navarro College District

## Notes to Financial Statements (continued)

### 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 \$528,485 and \$527,510 at August 31, 2018 and 2017, 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:

<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 \$2,132,733 and \$2,021,769 at August 31, 2018 and 2017, respectively. The District recognized an accrued liability for unpaid compensatory time of \$24,999 and \$24,777 at August 31, 2018 and 2017, respectively.

### Note 11 - Risk Management

#### *Workers' Compensation Aggregate Deductible*

During the year ended August 31, 2018, 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. As of August 31, 2017, the Fund carries a discounted reserve of \$49,076,113 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2018, 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, 2017, 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, 2018, 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, 2018, 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, 2017, 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, 2018, 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, 2018, 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, 2017, 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 of Texas 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  
Fiscal Year 2017**

	<u>September 1, 2016</u>
Retiree Only	\$ 617.30
Retiree & Spouse	970.98
Retiree & Children	854.10
Retiree & Family	1,207.78

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

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

Employers	\$ 464,587
Members (Employees)	97,103
Nonemployer Contributing Entity (State of Texas)	380,376

*Actuarial Assumptions.* The total OPEB liability was determined by an actuarial valuation as of August 31, 2017 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, 2017
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Pay, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Not applicable
Actuarial Assumptions:	
Discount Rate	3.51%
Projected Annual Salary Increase	2.50% to 9.50%
Annual Healthcare Trend Rate	8.50% for FY 2019, decreasing 0.5% per year to 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 TRS experience with full generational projection using Scale BB from Base Year 2014.
Disability retirees	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014 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 full generational projection using Scale BB.

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period (ex. 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. The System'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 2.84%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.51%, which amounted to an increase of 0.67%. 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)**

*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 (3.51%) in measuring the 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 8.5% and the ultimate rate is 4.5%. The following schedule shows the impact on the District's proportionate share of the collective 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 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>
Rate	7.5% decreasing to 3.5%	8.5% decreasing to 4.5%	9.5% decreasing to 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, 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, 2017, 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, 2016, thru 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, 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.

Changes Since the Prior Actuarial Valuation – Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows:

- Additional demographic assumptions (aggregate payroll increases and rate of general inflation) to reflect an experience study;
- The percentage of current and future retirees and retirees' spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan who will elect to participate at the earliest date at which coverage can commence has been updated to reflect recent plan experience and expected trends;
- Assumptions for administrative expenses, assumed per Capita Health Benefit Costs, Health Benefit Cost and Retiree Contribution trends to reflect recent health plan experience;
- Effects in short-term expectations and revised assumed rate of general inflation.

Changes of Benefit Terms Since Prior Measurement Date – The following benefit revisions have been adopted since the prior valuation:

- An increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility;
- An elimination of the copayment for virtual visits;
- A copay reduction for Airrosti and for out-of-state participants;
- Elimination of the deductible for in-network services and application of a copayment rather than coinsurance to certain services like primary care and specialist visits.

These minor benefit changes have been reflected in the fiscal year 2018 Assumed Per Capita Health Benefit Costs.

**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)*

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	489,694	-
Total	\$ 494,696	\$ 3,736,082

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	-
	\$ (3,731,080)

## 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 \$1,047,386 and \$991,940 in 2018 and 2017, respectively. Participant contributions were \$654,618 and \$619,963 in 2018 and 2017, 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:

	2018	2017
Assessed valuation of the District	\$ 3,423,751,510	\$ 3,232,166,233
Less: Abatements	32,840,848	48,059,526
Less: Exemptions	157,904,216	138,037,380
Net assessed valuation of the District	\$ 3,233,006,446	\$ 3,046,069,327

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

Tax rates authorized and assessed during fiscal year 2017 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	0.118300	0.000000	0.118300

## Navarro College District

### Notes to Financial Statements (continued)

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

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

Taxes levied for the year ended August 31, 2017 are \$3,595,794. 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, 2017 are as follows:

	Current Operations	Debt Service	Total
Current taxes collected	\$ 3,501,564	\$ -	\$ 3,501,564
Delinquent taxes collected	68,277	-	68,277
Penalties and interest collected	57,409	-	57,409
Total collections	\$ 3,627,250	\$ -	\$ 3,627,250

Current tax collections for the years ended August 31, 2018 and 2017 were 97.26% and 97.38%, 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 2018 or 2017.

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 District received \$0 and \$25,702 in equipment contributions from the Foundation for the years ended August 31, 2018 and 2017, respectively.

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. The Foundation made contributions to the District in the amount of \$223,426 in fiscal year 2017, including scholarships of \$213,688, band instruments costing \$3,197 and baseball field improvement and equipment costing \$6,541.

#### 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, 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 Onocology 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
<b>Total</b>	<b>\$ 60,626,360</b>	<b>\$ 32,840,848</b>	<b>\$ 40,001</b>

The amount of ad valorem taxes abated for the year ended August 31, 2017 is \$45,878 in total for the following companies:

<u>Company</u>	<u>Assessed Valuation</u>	<u>Abatement</u>	<u>Property Tax Abated</u>
Guardian Industries Corp	\$ 12,722,300	\$ 5,753,155	\$ 6,806
M Squared Onocology Leasing LLC	1,820,050	905,538	1,071
Pactiv LLC	46,308,810	31,375,413	37,117
Russel Stover Candies Inc.	2,076,240	746,845	884
<b>Total</b>	<b>\$ 62,927,400</b>	<b>\$ 38,780,951</b>	<b>\$ 45,878</b>

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 – Prior Period Adjustment – New Accounting Pronouncement**

In the current fiscal year, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. As a result, the beginning net position of the District’s governmental activities has been restated on the Statement of Activities to reflect the net OPEB liability and deferred outflow of resources relating to ERS contributions made after the prior measurement date of the plan as follows:

Beginning Net Position, as previously reported		\$ 47,691,495
Prior period restatement:		
Deferred outflows related to OPEB	464,587	
Net OPEB Liability	(20,188,723)	
Net prior period restatement		(19,724,136)
Beginning Net Position, as restated		<u>\$ 27,967,359</u>

**Note 24 - Subsequent Events**

The District has evaluated subsequent events from the date of the statements of net position through December 13, 2018, 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 Four Measurement Years Ended August 31st**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.021%	0.021%	0.022%	0.025%
District's proportionate share of the net pension liability	\$ 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>4,324,880</u>	<u>5,590,154</u>	<u>5,440,480</u>	<u>4,924,826</u>
Total	<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)	\$ 16,064,631	\$ 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	41.8%	48.6%	48.3%	41.6%
Plan fiduciary net position as a percentage of the total pension liability*	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered-employee payroll*	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.

**Navarro College District**

**Schedule of District Contributions**

**Teachers Retirement System of Texas**

**For the Last Five Fiscal Years**

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

**Notes to Required Supplementary Information - Pension**

*Changes in Assumptions.* There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

*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 Measurement Years Ended August 31st**

	<u>2017</u>
District's proportion of the net OPEB liability	0.050%
District's proportionate share of the net OPEB liability	\$ 16,897,335
State's proportionate share of the net OPEB liability associated with the District	<u>13,828,416</u>
Total	<u>\$ 30,725,751</u>
District's covered payroll (for Measurement Year)	\$ 19,360,250
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	87.3%
Plan fiduciary net position as a percentage of the total OPEB liability*	2.04%
Plan's net OPEB liability as a percentage of covered payroll*	290.10%

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 Two Fiscal Years**

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

#### Changes in Benefit Terms

Under Q/A #4.107 of GASB's *Implementation Guide No. 2017-2, Financial Reporting for Post-Employment 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, the latest valuation reflects the benefit changes that became effective September 1, 2017, since these changes were communicated to plan members in advance of the preparation of the latest valuation report. The benefit changes for HealthSelect retirees and dependents for whom Medicare is not primary include:

- an increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility;
- elimination of the copayment for virtual visits;
- a reduction in the copayment for Airrosti; and
- for out-of-state participants, (i) elimination of the deductible for in-network services and (ii) application of a copayment rather than coinsurance to certain services like primary care and specialist office visits.

These minor benefit changes are provided for in the FY 2018 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

#### Changes in Assumptions

##### *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.

**Navarro College District**

**Notes to Required Supplementary Information – OPEB**

**Year Ended August 31, 2018**

**Changes in Assumptions (continued)**

*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 fiscal year 2018 Assumed Per Capita Health Benefit Costs.



**SUPPLEMENTARY INFORMATION**

**Navarro College District**

**Schedule of Operating Revenues  
(Schedule A)**

**Year Ended August 31, 2018  
(With Totals for the Year Ended August 31, 2017)**

	Unrestricted	Restricted	Total		Total	
			Educational Activities	Auxiliary Enterprises	2018	2017
<b>Tuition and fees:</b>						
State funded credit courses:						
In-district resident tuition	\$ 1,086,693	\$ -	\$ 1,086,693	\$ -	\$ 1,086,693	\$ 1,139,977
Out-of-district resident tuition	5,823,456	-	5,823,456	-	5,823,456	6,576,917
Non-resident tuition	471,128	-	471,128	-	471,128	556,405
TPEG - credit (set aside)	420,305	-	420,305	-	420,305	497,413
State funded continuing education	709,186	-	709,186	-	709,186	600,226
TPEG - non-credit (set aside)	34,973	-	34,973	-	34,973	12,123
Non-state funded educational programs	28,007	-	28,007	-	28,007	28,584
<b>Total tuition</b>	<b>8,573,748</b>	<b>-</b>	<b>8,573,748</b>	<b>-</b>	<b>8,573,748</b>	<b>9,411,645</b>
<b>Fees:</b>						
Building use fees	4,271,589	-	4,271,589	-	4,271,589	3,961,300
Student services fees	2,151,638	-	2,151,638	-	2,151,638	2,285,531
Laboratory fees	326,505	-	326,505	-	326,505	303,463
Out-of-district fees	5,414,730	-	5,414,730	-	5,414,730	5,026,019
Other fees	229,095	-	229,095	-	229,095	235,651
<b>Total fees</b>	<b>12,393,557</b>	<b>-</b>	<b>12,393,557</b>	<b>-</b>	<b>12,393,557</b>	<b>11,811,964</b>
<b>Scholarship allowances and discounts:</b>						
Scholarship allowance	(5,584,298)	-	(5,584,298)	-	(5,584,298)	(3,528,684)
TPEG awards	(181,695)	-	(181,695)	-	(181,695)	(712,019)
<b>Total scholarship allowances</b>	<b>(5,765,993)</b>	<b>-</b>	<b>(5,765,993)</b>	<b>-</b>	<b>(5,765,993)</b>	<b>(4,240,703)</b>
<b>Total net tuition and fees</b>	<b>15,201,312</b>	<b>-</b>	<b>15,201,312</b>	<b>-</b>	<b>15,201,312</b>	<b>16,982,906</b>
<b>Additional operating revenues:</b>						
Sales and services of educational activities	552,267	-	552,267	-	552,267	492,709
Other operating revenues	267,904	-	267,904	-	267,904	217,531
<b>Total additional operating revenues</b>	<b>820,171</b>	<b>-</b>	<b>820,171</b>	<b>-</b>	<b>820,171</b>	<b>710,240</b>
<b>Auxiliary enterprises:</b>						
Bookstore	-	-	-	3,907,752	3,907,752	4,228,298
less discounts	-	-	-	(1,134,994)	(1,134,994)	(981,420)
Dining services	-	-	-	2,382,531	2,382,531	2,385,617
less discounts	-	-	-	(691,999)	(691,999)	(436,187)
Housing	-	-	-	2,217,783	2,217,783	2,196,451
less discounts	-	-	-	(644,148)	(644,148)	(399,838)
Athletic sales and student programs	-	-	-	13,926	13,926	13,458
Gift shop	-	-	-	6,392	6,392	8,304
Other auxiliary enterprises	-	-	-	16,458	16,458	9,646
<b>Total net auxiliary enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,073,701</b>	<b>6,073,701</b>	<b>7,024,329</b>
<b>Total operating revenues</b>	<b>\$ 16,021,483</b>	<b>\$ -</b>	<b>\$ 16,021,483</b>	<b>\$ 6,073,701</b>	<b>\$ 22,095,184</b>	<b>\$ 24,717,475</b>

In accordance with Education Code 56.033, \$455,278 and \$509,536 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended August 31, 2018 and 2017 respectively.

See accompanying independent auditors' report.

**Navarro College District**

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

**Year Ended August 31, 2018  
(With Totals for the Year Ended August 31, 2017)**

	Operating Expenses				Total	
	Salaries and Wages	Benefits		Other Expenses	2018	2017
		State	Local			
<b>Unrestricted - educational activities:</b>						
Instruction	\$ 12,577,494	\$ -	\$ 3,532,401	\$ 1,234,133	\$ 17,344,028	\$16,894,844
Public service	27,700	-	7,779	3,845	39,324	36,909
Academic support	2,183,082	-	613,106	346,004	3,142,192	2,959,205
Student services	2,625,130	-	737,253	585,424	3,947,807	3,752,523
Institutional support	3,801,409	-	1,067,604	2,155,315	7,024,328	7,569,310
Operation and maintenance of plant	825,739	-	231,904	3,063,789	4,121,432	3,951,465
Total unrestricted educational activities	<u>22,040,554</u>	<u>-</u>	<u>6,190,047</u>	<u>7,388,510</u>	<u>35,619,111</u>	<u>35,164,256</u>
<b>Restricted - educational activities:</b>						
Instruction	651,356	1,032,040	78,043	696,382	2,457,821	2,650,914
Public service	211,509	2,273	61,697	36,294	311,773	294,629
Academic support	-	179,132	-	-	179,132	164,694
Student services	395,548	215,404	91,446	102,137	804,535	787,812
Institutional support	4,825	311,923	942	46,720	364,410	330,315
Operation and maintenance of plant	-	67,756	-	-	67,756	62,095
Scholarships and fellowships	-	-	-	8,330,076	8,330,076	9,879,276
Total restricted educational activities	<u>1,263,238</u>	<u>1,808,528</u>	<u>232,128</u>	<u>9,211,609</u>	<u>12,515,503</u>	<u>14,169,735</u>
Total educational activities	<u>23,303,792</u>	<u>1,808,528</u>	<u>6,422,175</u>	<u>16,600,119</u>	<u>48,134,614</u>	<u>49,333,991</u>
<b>Auxiliary enterprises</b>	<u>2,029,661</u>	<u>-</u>	<u>515,269</u>	<u>7,587,842</u>	<u>10,132,772</u>	<u>8,904,115</u>
<b>Depreciation expense:</b>						
Buildings and other improvements	-	-	-	1,578,131	1,578,131	1,590,113
Equipment and furniture	-	-	-	439,156	439,156	439,996
Library books	-	-	-	42,388	42,388	50,916
Total depreciation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,059,675</u>	<u>2,059,675</u>	<u>2,081,025</u>
Total operating expenses	<u>\$ 25,333,453</u>	<u>\$ 1,808,528</u>	<u>\$ 6,937,444</u>	<u>\$ 26,247,636</u>	<u>\$ 60,327,061</u>	<u>\$ 60,319,131</u>

See accompanying independent auditors' report.

**Navarro College District**

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

**Year Ended August 31, 2018  
(With Totals for the Year Ended August 31, 2017)**

	Unrestricted	Restricted	Auxiliary Enterprises	Total	
				2018	2017
<b>Nonoperating revenues:</b>					
State appropriations:					
Education and general state support	\$ 14,092,865	\$ -	\$ -	\$ 14,092,865	\$ 15,302,879
State group insurance	-	1,808,527	-	1,808,527	1,689,462
State retirement matching	-	1,189,642	-	1,189,642	698,246
Total state appropriations	<u>14,092,865</u>	<u>2,998,169</u>	<u>-</u>	<u>17,091,034</u>	<u>17,690,587</u>
Maintenance ad valorem taxes	3,980,582	-	-	3,980,582	3,645,253
Federal grants and contracts	-	16,250,333	-	16,250,333	15,292,945
State grants and contracts	-	1,238,978	-	1,238,978	1,361,855
Local grants and contracts	-	277,015	-	277,015	103,202
Investment income	111,530	8,694	3,404	123,628	102,303
Gifts and donations	-	926,182	-	926,182	903,810
Other nonoperating revenues	<u>110,803</u>	<u>-</u>	<u>-</u>	<u>110,803</u>	<u>157,019</u>
Total nonoperating revenues	<u>18,295,780</u>	<u>21,699,371</u>	<u>3,404</u>	<u>39,998,555</u>	<u>39,256,974</u>
<b>Nonoperating expenses:</b>					
Interest on capital related debt	833,854	-	-	833,854	924,665
Other nonoperating expenses	<u>33,684</u>	<u>-</u>	<u>-</u>	<u>33,684</u>	<u>-</u>
Total nonoperating expenses	<u>867,538</u>	<u>-</u>	<u>-</u>	<u>867,538</u>	<u>924,665</u>
Net nonoperating revenues	<u>\$ 17,428,242</u>	<u>\$ 21,699,371</u>	<u>\$ 3,404</u>	<u>\$ 39,131,017</u>	<u>\$ 38,332,309</u>

See accompanying independent auditors' report.

**Navarro College District**

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

**Year Ended August 31, 2018**

	Detail by Source				Available for Current Operation	
	Unrestricted	Restricted - Expendable	Net Investment in		Yes	No
			Capital Assets	Total		
Current:						
Unrestricted	\$ (17,545,071)	\$ -	\$ -	\$ (17,545,071)	\$ (17,545,071)	\$ -
Auxiliary	3,698,453	-	-	3,698,453	3,698,453	-
Scholarships and fellowships	-	1,923,938	-	1,923,938	-	1,923,938
Plant:						
Debt service	-	449,335	-	449,335	-	449,335
Investment in plant	-	-	40,339,844	40,339,844	-	40,339,844
 Total net position, August 31, 2018	 (13,846,618)	 2,373,273	 40,339,844	 28,866,499	 (13,846,618)	 42,713,117
 Total net position, August 31, 2017, as restated	 (13,825,426)	 2,132,341	 39,660,444	 27,967,359	 (13,825,426)	 41,792,785
 Net increase (decrease) in net position	 \$ (21,192)	 \$ 240,932	 \$ 679,400	 \$ 899,140	 \$ (21,192)	 \$ 920,332

See accompanying independent auditors' report.

**Navarro College District**

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

**Year Ended August 31, 2018**

<u>Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Education</b>			
<b>Direct Programs:</b>			
<i>TRIO - Student Support Services</i>	84.042A		\$ 392,414
<b>Student Financial Assistance Cluster:</b>			
<i>Federal Supplemental Education Opportunity Grant Program</i>	84.007		168,500
<i>Federal Work Study Program</i>	84.033		145,332
<i>Federal Pell Grant Program</i>	84.063		14,043,284
<i>Federal Direct Student Loans</i>	84.268		13,994,168
<b>Total Student Financial Assistance Cluster</b>			<u>28,351,284</u>
<b>Pass Through From Texas Workforce Commission:</b>			
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Fed Year 4</i>	84.002A	0416AELB02	616,684
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Fed Year 3</i>	84.002A	0416AEL002	1,927
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Fed Year 1</i>	84.002A	0418ALA001	92,183
<i>Adult Education &amp; Family Literacy Act (AEFLA) - EL Civics Y4</i>	84.002A	0416AELB02	27,271
<i>Adult Education &amp; Family Literacy Act (AEFLA) - EL Civics Y3</i>	84.002A	0416AEL002	15,749
<i>Adult Education &amp; Family Literacy Act (AEFLA) - EL Civics Y1</i>	84.002A	0418ALA001	2,083
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Professional Development Y4</i>	84.002A	0416AELB02	15,367
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Professional Development Y3</i>	84.002A	0416AEL002	504
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Professional Development Y1</i>	84.002A	0418ALA001	3,740
<i>Adult Education &amp; Family Literacy Act (AEFLA) - Distance Learning</i>	84.002A	0416AEL002	13,017
<b>Total Pass Through From Texas Workforce Commission</b>			<u>788,525</u>
<b>Pass Through From Texas Higher Education Coordinating Board:</b>			
<i>Vocational Education - Carl Perkins</i>	84.048A	19226-18	516,867
<b>Total Pass Through From Texas Higher Education Coordinating Board</b>			<u>516,867</u>
<b>Total U. S. Department of Education</b>			<u>\$ 30,049,090</u>

**Navarro College District**

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

Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor Number	Federal Expenditures
<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	16,431
<i>Small Business Development Center</i>	59.037	SBAHQ-18-B-0005	<u>129,397</u>
<b>Total U. S. Small Business Administration</b>			<u>145,828</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 Y4</i>	93.558	0416AELB02	35,015
<i>Temporary Assistance for Needy Families Y3</i>	93.558	0416AEL002	10,470
<i>Temporary Assistance for Needy Families Y1</i>	93.558	0418ALA001	<u>4,098</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>49,583</u>
<b>Total Federal Awards</b>			<u><u>\$ 30,244,501</u></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, 2018**

**Note 1 - Federal Revenue Reconciliation**

Federal revenues for the year ended August 31, 2018 are reported in the basic financial statements as follows:

Federal grants and contracts per Exhibit C	\$ 16,250,333
Add: Federal Direct Student Loans made	<u>13,994,168</u>
Total per Schedule of Expenditures of Federal Awards	<u>\$ 30,244,501</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, 2018. 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, 2018**

<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>		\$ 689,060
<i>Texas Tomorrow Fund</i>		64,744
<i>Texas Promise Fund</i>		5,178
<i>Texas College Work Study Mentorship Program</i>		14,889
<i>The Graduate Texas Program</i>		2,614
<i>Texas Science, Technology, Engineering, and Math Challenge Scholarship Program</i>	16905	24,551
<b>Total Texas Higher Education Coordinating Board</b>		<u>801,036</u>
<b>Texas Workforce Commission</b>		
<b>Direct Programs:</b>		
<i>Adult Education &amp; Family Literacy Act (AEFLA) State YR4</i>	0416AELB02	134,549
<i>Adult Education &amp; Family Literacy Act (AEFLA) State YR3</i>	0416AEL002	51
<i>Adult Education &amp; Family Literacy Act (AEFLA) State YR1</i>	0418ALA001	4,460
<i>Skills Development - Mfg Consortium-Owens</i>	0417SDF001	173,026
<b>Total Texas Workforce Commission</b>		<u>312,086</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	105,386
<i>Small Business Development Center</i>	SBAHQ-17-B-0002	20,470
<b>Total Small Business Administration</b>		<u>125,856</u>
<b>Total State Awards</b>		<u>\$ 1,238,978</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, 2018

#### Note 1 - State Revenue Reconciliation

State revenues for the year ended August 31, 2018 are reported in the basic financial statements as follows:

State grants and contracts per Exhibit C	<u>\$ 1,238,978</u>
Total per Schedule of Expenditures of State Awards	<u>\$ 1,238,978</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, 2018. 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.

## 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>2018</u>	<u>2017 (3)</u>	<u>2016</u>	<u>2015</u>
Net investment in capital assets	\$ 40,339,844	\$ 39,660,444	\$ 38,280,836	\$ 37,553,998
Restricted	2,373,273	2,132,341	2,295,108	2,447,086
Unrestricted	<u>(13,846,618)</u>	<u>(13,825,426)</u>	<u>4,384,898</u>	<u>4,623,822</u>
Total net position	<u>\$ 28,866,499</u>	<u>\$ 27,967,359</u>	<u>\$ 44,960,842</u>	<u>\$ 44,624,906</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>2014 (2)</u>	<u>2013 (1)</u>	<u>2012 (1)</u>	<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>
\$ 35,321,947	\$ 32,024,197	\$ 26,918,301	\$ 25,643,850	\$ 23,238,115	\$ 22,732,156
2,372,830	2,901,585	2,963,556	3,018,291	3,007,776	3,170,455
<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>6,790,966</u>
<u><u>\$ 40,236,989</u></u>	<u><u>\$ 48,242,924</u></u>	<u><u>\$ 44,342,285</u></u>	<u><u>\$ 39,776,444</u></u>	<u><u>\$ 36,436,051</u></u>	<u><u>\$ 32,693,577</u></u>

**Navarro College District**

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

	For the Year Ended August 31,			
	2018	2017	2016	2015
Tuition and fees (net of discounts)	\$ 15,201,312	\$ 16,982,906	\$ 16,205,416	\$ 17,535,426
Sales and services of educational activities	552,267	492,709	451,427	474,901
Auxiliary enterprises (net of discounts)	6,073,701	7,024,329	7,044,650	7,186,797
Other operating revenues	267,904	217,531	196,380	243,507
Total operating revenues	<u>22,095,184</u>	<u>24,717,475</u>	<u>23,897,873</u>	<u>25,440,631</u>
State appropriations	17,091,034	17,690,587	17,758,716	18,332,879
Ad valorem taxes for maintenance and operations	3,980,582	3,645,253	3,553,400	3,533,309
Federal grants and contracts	16,250,333	15,292,945	17,463,377	22,684,063
State grants and contracts	1,238,978	1,361,855	1,432,635	2,352,975
Local grants and contracts	277,015	103,202	81,545	76,322
Investment income	123,628	102,303	93,031	93,269
Gifts	926,182	903,810	856,846	867,114
Other non-operating revenues	77,119	157,019	221,698	813,949
Total non-operating revenues	<u>39,964,871</u>	<u>39,256,974</u>	<u>41,461,248</u>	<u>48,753,880</u>
Total revenues	<u>\$ 62,060,055</u>	<u>\$ 63,974,449</u>	<u>\$ 65,359,121</u>	<u>\$ 74,194,511</u>
Tuition and fees (net of discounts)	24.49%	26.55%	24.79%	23.63%
Sales and services of educational activities	0.89%	0.77%	0.69%	0.64%
Auxiliary enterprises (net of discounts)	9.79%	10.98%	10.78%	9.69%
Other operating revenues	0.43%	0.34%	0.30%	0.33%
Total operating revenues	<u>35.60%</u>	<u>38.64%</u>	<u>36.56%</u>	<u>34.29%</u>
State appropriations	27.54%	27.65%	27.17%	24.71%
Ad valorem property taxes for maintenance and operations	6.41%	5.70%	5.44%	4.76%
Federal grants and contracts	26.18%	23.90%	26.72%	30.57%
State grants and contracts	2.00%	2.13%	2.19%	3.17%
Local grants and contracts	0.45%	0.16%	0.12%	0.10%
Investment income	0.20%	0.16%	0.14%	0.13%
Gifts	1.49%	1.41%	1.31%	1.17%
Other non-operating revenues	0.12%	0.25%	0.34%	1.10%
Total non-operating revenues	<u>64.40%</u>	<u>61.36%</u>	<u>63.44%</u>	<u>65.71%</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,					
2014	2013 (1)	2012 (1)	2011	2010	2009
\$ 14,029,788	\$ 14,202,493	\$ 15,014,906	\$ 13,759,423	\$ 13,325,558	\$ 11,425,170
521,857	508,065	448,874	421,584	373,842	362,637
7,779,024	8,035,390	8,390,017	8,027,928	7,773,268	7,516,783
155,344	182,078	129,911	100,877	98,943	119,684
<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>	<u>19,424,274</u>
18,288,097	17,919,724	17,530,761	16,383,691	16,719,942	14,788,419
3,359,627	3,301,143	3,228,761	3,122,756	2,988,424	2,868,682
22,588,765	23,451,372	24,701,880	27,228,331	22,755,722	13,816,025
2,083,489	1,668,721	1,339,234	1,911,420	1,575,161	1,097,098
94,685	63,216	78,135	124,667	122,593	261,910
129,125	160,404	146,902	153,555	193,952	279,352
1,414,538	975,840	834,579	762,018	635,150	699,769
349,148	291,260	62,511	64,560	479,948	-
<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>33,811,255</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>	<u>\$ 53,235,529</u>
19.82%	20.07%	20.88%	19.09%	19.88%	21.46%
0.74%	0.72%	0.62%	0.59%	0.56%	0.68%
10.99%	11.36%	11.67%	11.14%	11.59%	14.12%
0.22%	0.26%	0.18%	0.14%	0.15%	0.22%
<u>31.76%</u>	<u>32.40%</u>	<u>33.35%</u>	<u>30.96%</u>	<u>32.18%</u>	<u>36.49%</u>
25.83%	25.32%	24.38%	22.74%	24.94%	27.78%
4.75%	4.67%	4.49%	4.33%	4.46%	5.39%
31.91%	33.14%	34.35%	37.79%	33.94%	25.95%
2.94%	2.36%	1.86%	2.65%	2.35%	2.06%
0.13%	0.09%	0.11%	0.17%	0.18%	0.49%
0.18%	0.23%	0.20%	0.21%	0.29%	0.52%
2.00%	1.38%	1.16%	1.06%	0.95%	1.31%
0.49%	0.41%	0.09%	0.09%	0.72%	0.00%
<u>68.24%</u>	<u>67.60%</u>	<u>66.65%</u>	<u>69.04%</u>	<u>67.82%</u>	<u>63.51%</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,			
	2018	2017	2016	2015
Instruction	\$ 19,801,849	\$ 19,545,759	\$ 20,148,443	\$ 21,368,604
Public service	351,097	331,537	289,941	279,188
Academic support	3,321,324	3,123,899	3,588,737	3,475,922
Student services	4,752,342	4,540,335	4,550,759	4,245,023
Institutional support	7,388,738	7,899,625	8,221,330	7,101,168
Operation and maintenance of plant	4,189,188	4,013,560	3,774,689	3,840,350
Scholarships and fellowships	8,330,076	9,879,276	11,467,584	15,670,742
Auxiliary enterprises	10,132,772	8,904,115	9,833,242	10,609,202
Depreciation	2,059,675	2,081,025	2,120,128	2,142,219
Total operating expenses	<u>60,327,061</u>	<u>60,319,131</u>	<u>63,994,853</u>	<u>68,732,418</u>
Interest on capital related debt	833,854	924,665	1,028,332	1,074,176
Total non-operating expenses	<u>833,854</u>	<u>924,665</u>	<u>1,028,332</u>	<u>1,074,176</u>
Total expenses	<u>\$ 61,160,915</u>	<u>\$ 61,243,796</u>	<u>\$ 65,023,185</u>	<u>\$ 69,806,594</u>
Special item	-	-	-	-
Change in net position	<u>\$ 899,140</u>	<u>\$ 2,730,653</u>	<u>\$ 335,936</u>	<u>\$ 4,387,917</u>
Instruction	32.38%	31.91%	30.99%	30.61%
Public service	0.57%	0.54%	0.45%	0.40%
Academic support	5.43%	5.10%	5.52%	4.98%
Student services	7.77%	7.41%	7.00%	6.08%
Institutional support	12.08%	12.90%	12.64%	10.17%
Operation and maintenance of plant	6.85%	6.55%	5.81%	5.50%
Scholarships and fellowships (net of discounts)	13.62%	16.13%	17.64%	22.45%
Auxiliary enterprises	16.57%	14.54%	15.12%	15.20%
Depreciation	3.37%	3.40%	3.26%	3.07%
Total operating expenses	<u>98.64%</u>	<u>98.49%</u>	<u>98.42%</u>	<u>98.46%</u>
Interest on capital related debt	1.36%	1.51%	1.58%	1.54%
Total non-operating expenses	<u>1.36%</u>	<u>1.51%</u>	<u>1.58%</u>	<u>1.54%</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,					
2014	2013 (1)	2012 (1)	2011	2010	2009
\$ 20,213,672	\$ 19,104,050	\$ 17,799,800	\$ 18,167,513	\$ 17,540,069	\$ 16,061,086
275,807	270,869	281,184	228,891	194,113	173,343
3,972,411	3,748,138	3,486,597	3,579,175	3,436,714	3,045,243
4,360,373	4,608,363	4,031,791	3,677,010	3,838,251	3,058,628
6,998,131	6,144,442	5,191,112	5,022,776	5,054,143	4,400,790
3,748,746	4,030,618	4,122,473	4,582,981	3,743,411	3,427,220
16,571,886	15,761,613	16,955,799	17,996,557	16,350,302	8,538,915
11,825,269	11,504,077	12,088,998	11,880,415	10,082,097	9,252,131
1,997,893	1,968,446	1,855,608	1,703,928	1,574,211	1,539,247
<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>	<u>49,496,603</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>1,359,280</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>1,359,280</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>	<u>\$ 50,855,883</u>
<u>-</u>	<u>1,539,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (405,133)</u>	<u>\$ 3,900,639</u>	<u>\$ 4,565,841</u>	<u>\$ 3,727,947</u>	<u>\$ 3,742,474</u>	<u>\$ 2,379,646</u>
28.39%	27.93%	26.43%	26.59%	27.71%	31.58%
0.39%	0.40%	0.42%	0.33%	0.31%	0.34%
5.58%	5.48%	5.18%	5.24%	5.43%	5.99%
6.12%	6.74%	5.99%	5.38%	6.06%	6.01%
9.83%	8.98%	7.71%	7.35%	7.98%	8.65%
5.27%	5.89%	6.12%	6.71%	5.91%	6.74%
23.28%	23.04%	25.18%	26.34%	25.83%	16.79%
16.61%	16.82%	17.95%	17.39%	15.93%	18.19%
2.81%	2.88%	2.76%	2.49%	2.49%	3.03%
<u>98.27%</u>	<u>98.16%</u>	<u>97.73%</u>	<u>97.81%</u>	<u>97.65%</u>	<u>97.33%</u>
<u>1.73%</u>	<u>1.84%</u>	<u>2.27%</u>	<u>2.19%</u>	<u>2.35%</u>	<u>2.67%</u>
<u>1.73%</u>	<u>1.84%</u>	<u>2.27%</u>	<u>2.19%</u>	<u>2.35%</u>	<u>2.67%</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		
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
2009	372	744	11	204

**Table 4**  
**Page 1 of 2**

Vehicle Registration Fee	Technology Fee	Total Cost		Increase from Prior Year		Semester Credit Hours
		In-District	Out-of-District	In-District	Out-of-District	
\$ 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
10	-	597	969	16.15%	20.82%	18,256

**Navarro College District**

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

**Non-Resident Students (1)**

Fiscal Year (Fall)	Tuition	Out-of-District Fee	Matriculation Fee	Building Use Fee
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
2009	811	360	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>
\$ 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
10	-	1,396	0.94%	3,433

**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
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
2009	2,570,555,700	144,139,000	2,426,416,700

**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
94.43%	\$ 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
94.39%	2,570,555,700	0.11900	-	0.11900

## Navarro College District

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

	2018	2017	2016	2015
Navarro College District	\$ 0.1218	\$ 0.1183	\$ 0.1183	\$ 0.1202
County:				
Navarro County	0.6270	0.6270	0.6270	0.6270
Cities:				
Barry	0.4034	0.3851	0.3851	0.3851
Blooming Grove	0.4801	0.4801	0.4512	0.4821
Corsicana	0.6272	0.6272	0.6272	0.6272
Dawson	0.4324	0.4234	0.4000	0.4000
Emhouse	0.2943	0.2943	0.2943	0.2943
Frost	0.5690	0.5690	0.5611	0.5573
Goodlow	0.0897	0.0897	0.0897	0.0897
Kerens	0.6735	0.6839	0.6803	0.6817
Rice	0.5990	0.5990	0.5844	0.5500
Richland	0.2359	0.2330	0.2330	0.2330
School Districts:				
Blooming Grove	1.1300	1.1300	1.1300	1.1300
Corsicana	1.3703	1.3703	1.3703	1.2803
Dawson	1.2922	1.2922	1.2922	1.2900
Frost	1.1743	1.2208	1.2308	1.2404
Kerens	1.4400	1.1100	1.1100	1.1100
Mildred	1.2812	1.2812	1.2812	1.2812
Rice	1.6265	1.3365	1.3365	1.3800

**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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 0.1202	\$ 0.1190	\$ 0.1190	\$ 0.1190	\$ 0.1190	\$ 0.1190
0.6270	0.6270	0.6270	0.6270	0.6270	0.5828
0.3851	0.3851	0.3661	0.3349	0.3393	0.3237
0.4821	0.4821	0.4900	0.4900	0.4859	0.4653
0.6272	0.6272	0.6272	0.6272	0.6272	0.6272
0.4000	0.4000	0.4000	0.4000	0.3783	0.3783
0.2943	0.2943	0.2943	0.3072	0.3072	0.3072
0.5657	0.5600	0.5300	0.5000	0.5000	0.5000
0.0897	0.0897	0.0897	0.0897	0.0897	0.0897
0.6817	0.6434	0.6434	0.6434	0.6434	0.6433
0.5351	0.4999	0.4700	0.4700	0.4200	0.3700
0.2330	0.2330	0.2189	0.2056	0.2056	0.2056
1.1300	1.1300	1.1300	1.1300	1.1200	1.1200
1.2803	1.2830	1.2830	1.2830	1.2830	1.2857
1.2900	1.2900	1.2900	1.2900	1.2900	1.2900
1.2550	1.2550	1.2550	1.2550	1.2321	1.2850
1.1100	1.1100	1.1100	1.1100	1.1200	1.1227
1.2980	1.2906	1.2798	1.2798	1.2498	1.2838
1.4200	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			
		2018	2017	2016	2015
Guardian Industry - Abated	Glass Manufacturer	\$ 67,057,775	\$ 53,276,715	\$ 47,069,805	\$ 45,928,470
Oncor Electric Delivery	Electric Utility	62,045,430	52,248,010	48,825,700	49,835,890
Energy Transfer Fuel LP	Electric Company	44,001,370	47,606,870	65,033,230	66,068,120
Nalco Company	Energy Services	46,053,410	46,116,150	51,736,240	56,587,750
Lone Star Transmission	Electric Company	42,704,910	44,756,720	48,107,140	50,788,550
Seaway Crude Pipeline LP	Oil Distribution	43,662,200	44,330,040	44,743,340	45,366,960
Pactiv-Foam - Abated	Foam Manufacturer	41,620,920	37,706,553	33,922,684	24,800,084
Russell Stover Candies - Abated	Candy Manufacturer	36,695,360	35,939,480	35,933,935	40,899,980
Union Pacific	RR Company	38,078,610	35,828,790	33,680,970	31,648,440
Permian Express Partners (formerly Sunoco)	Pipeline company	30,305,330	28,550,040	-	-
True Value Co. - Non-Abated	Retail Distribution	-	-	27,569,810	27,651,750
Burlington Northern Santa Fe	Rail Road	-	-	-	-
Magellan Pipeline Co, LP	Pipeline company	-	-	-	-
HD USA 5147	Manufacturer	-	-	-	-
Corsicana Technologies 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>\$ 452,225,315</u>	<u>\$ 426,359,368</u>	<u>\$ 436,622,854</u>	<u>\$ 439,575,994</u>
Net taxable assessed value		<u>\$ 3,233,006,446</u>	<u>\$ 3,046,069,327</u>	<u>\$ 2,994,142,529</u>	<u>\$ 2,917,537,473</u>

Taxable Assessed Value						
2014	2013	2012	2011	2010	2009	
\$ 48,580,980	\$ 46,198,430	\$ 47,902,205	\$ 47,719,270	\$ 22,251,050	\$ 35,546,950	
49,116,350	45,617,500	43,840,090	42,244,260	43,925,930	-	
61,634,770	73,136,440	80,588,880	79,919,230	73,045,150	-	
49,772,120	-	-	-	-	-	
52,908,350	38,442,150	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
37,232,300	40,755,175	41,788,490	43,777,148	46,518,140	45,322,760	
28,615,140	25,687,460	23,181,290	21,388,410	-	-	
20,287,000	21,311,840	21,707,000	-	-	-	
29,579,080	29,969,010	30,657,820	32,844,610	32,697,650	36,338,740	
18,882,520	-	-	15,374,710	-	-	
-	18,925,180	19,588,170	20,108,295	21,925,300	19,779,490	
-	-	39,242,590	33,662,336	46,870,610	-	
-	43,215,390	32,423,520	24,295,930	25,664,420	26,541,670	
-	-	-	-	36,936,320	18,241,000	
-	-	-	-	28,643,210	16,285,710	
-	-	-	-	-	36,383,870	
-	-	-	-	-	14,423,940	
-	-	-	-	-	12,848,920	
<u>\$ 396,608,610</u>	<u>\$ 383,258,575</u>	<u>\$ 380,920,055</u>	<u>\$ 361,334,199</u>	<u>\$ 378,477,780</u>	<u>\$ 261,713,050</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>	<u>\$ 2,426,416,700</u>	

Navarro College District

Principal Taxpayers  
Last Ten Tax Years  
(Unaudited)

Taxpayer	Type of Business	Taxable Assessed Value			
		2018	2017	2016	2015
Guardian Industry - Abated	Glass Manufacturer	2.07%	1.75%	1.57%	1.57%
Oncor Electric Delivery	Electric Utility	1.92%	1.72%	1.63%	1.71%
Energy Transfer Fuel LP	Electric Company	1.36%	1.56%	2.17%	2.26%
Nalco Company	Energy Services	1.42%	1.51%	1.73%	1.94%
Lone Star Transmission	Electric Company	1.32%	1.47%	1.61%	1.74%
Seaway Crude Pipeline LP	Oil Distribution	1.35%	1.46%	1.49%	1.55%
Pactiv-Foam - Abated	Foam Manufacturer	1.29%	1.24%	1.13%	0.85%
Russell Stover Candies-Abated	Candy Manufacturer	1.14%	1.18%	1.20%	1.40%
Union Pacific	RR Company	1.18%	1.18%	1.12%	1.08%
Permian Express Partners (formerly Sunoco I	Pipeline company	0.94%	0.94%	-	-
True Value Co. - Non-Abated	Retail Distribution	-	-	0.93%	0.97%
Burlington Northern Santa Fe	Rail Road	-	-	-	-
Magellan Pipeline Co, LP	Pipeline company	-	-	-	-
HD USA 5147	Manufacturer	-	-	-	-
Corsicana Techonoligies 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		13.99%	14.00%	14.58%	15.07%

Source: Navarro County Appraisal District

Taxable Assessed Value						
2014	2013	2012	2011	2010	2009	
1.76%	1.67%	1.79%	1.82%	0.88%	1.46%	
1.78%	1.64%	1.63%	1.62%	1.73%	-	
2.23%	2.64%	3.00%	3.06%	2.88%	-	
1.80%	-	-	-	-	-	
1.91%	1.39%	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
1.35%	1.47%	1.56%	1.67%	1.84%	1.87%	
1.03%	0.93%	0.86%	0.82%	-	-	
0.73%	0.77%	0.81%	-	-	-	
1.07%	1.06%	1.15%	1.25%	1.29%	1.51%	
0.68%	-	-	0.59%	-	-	
-	0.68%	0.73%	0.77%	0.87%	0.82%	
-	-	1.46%	1.29%	1.85%	-	
-	1.56%	1.21%	0.93%	1.01%	1.09%	
-	-	-	-	1.46%	0.75%	
-	-	-	-	1.13%	0.67%	
-	-	-	-	-	1.50%	
-	-	-	-	-	0.59%	
-	-	-	-	-	0.53%	
<u>14.34%</u>	<u>13.81%</u>	<u>14.20%</u>	<u>13.82%</u>	<u>14.94%</u>	<u>10.79%</u>	

**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>
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
2009	2,886,719	(9,280)	2,877,439

**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
\$ 3,810,491	97.26%	\$ -	\$ 3,810,491	97.26%
3,501,564	97.38%	43,272	3,544,836	98.58%
3,432,700	97.12%	38,844	3,471,544	98.22%
3,427,941	97.82%	31,137	3,459,078	98.70%
3,241,206	97.62%	34,695	3,275,901	98.66%
3,203,423	97.24%	41,423	3,244,846	98.50%
3,087,590	97.07%	41,242	3,128,832	98.36%
2,999,249	96.88%	40,983	3,040,232	98.20%
2,887,898	96.45%	48,909	2,936,807	98.08%
2,770,640	96.29%	40,689	2,811,329	97.70%

**Navarro College District**

Ratios of Outstanding Debt  
Last Ten Fiscal Years  
(Unaudited)

	August 31,			
	2018	2017	2016	2015
<b>General Bonded Debt</b>				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
<b>Other Debt</b>				
Revenue bonds	18,502,111	20,063,427	22,689,743	25,216,060
Notes payable	-	-	-	-
Loans payable	975,000	1,050,000	1,125,000	1,200,000
Capital lease obligations	2,855,000	3,060,000	3,260,000	3,450,000
<b>Total other debt</b>	<b>22,332,111</b>	<b>24,173,427</b>	<b>27,074,743</b>	<b>29,866,060</b>
<b>Total outstanding debt</b>	<b>\$ 22,332,111</b>	<b>\$ 24,173,427</b>	<b>\$ 27,074,743</b>	<b>\$ 29,866,060</b>
<b>Total Outstanding Debt Ratios</b>				
Per capita	\$ 459	\$ 498	\$ 561	\$ 620
Per student	1,574	1,680	1,804	1,830
As a percentage of taxable assessed value	0.69%	0.79%	0.90%	1.02%
As a percentage of personal income	1.30%	1.41%	1.57%	1.58%

**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,					
2014	2013 (2)	2012 (2)	2011 (1)	2010 (1)	2009
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27,667,376	30,043,692	32,420,009	26,860,000	27,925,000	29,033,705
-	-	-	-	-	37,302
1,275,000	1,275,000	1,500,000	1,500,000	750,000	-
3,496,116	3,651,116	3,801,116	3,941,116	4,076,116	4,201,116
32,438,492	34,969,808	37,721,125	32,301,116	32,751,116	33,272,123
<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>\$ 33,272,123</u>
\$ 675	\$ 700	\$ 785	\$ 677	\$ 662	\$ 673
1,905	1,996	2,051	1,711	1,892	2,313
1.17%	1.26%	1.41%	1.24%	1.29%	1.37%
1.83%	2.10%	2.37%	2.15%	2.31%	2.35%

**Navarro College District**

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

	For the Year Ended August 31,			
	2018	2017	2016	2015
Taxable Assessed Value	\$ 3,233,006,446	\$ 3,046,069,327	\$ 2,994,142,529	\$ 2,917,537,473
<b>General Obligation Bonds</b>				
Statutory tax levy limit for debt service	\$ 16,165,032	\$ 15,230,347	\$ 14,970,713	\$ 14,587,687
Current year debt service requirements	-	-	-	-
Excess of statutory limit for debt service over current requirements	\$ 16,165,032	\$ 15,230,347	\$ 14,970,713	\$ 14,587,687
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,					
2014	2013	2012	2011	2010	2009
<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>	<u>\$ 2,426,416,700</u>
\$ 13,828,489	\$ 13,871,297	\$ 13,410,406	\$ 13,075,860	\$ 12,662,611	\$ 12,132,084
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ 12,132,084</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
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
2009	316,725	3,080,219	4,129,212	1,151,811	8,977,605	9,252,131

**Notes:**

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

**Table 11**

			Debt Service Requirements			Coverage Ratio
Net Available	Interest Income	Total	Principal	Interest	Total	
\$ 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
8,403,441	205,251	8,608,692	870,000	1,178,089	2,048,089	4.20



**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
2017	48,701	\$ 1,719,869,312	\$ 35,446	3.9%
2016	48,523	1,719,814,000	35,443	3.9%
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	49,979	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%
2008	49,456	1,417,643,000	29,903	8.0%

**Source:** Texas Workforce Commission

**Note:** The final 2017 amounts are not yet available and are estimated in the table above.

**Navarro College District**

**Principal Employers  
Last Ten Fiscal Years  
(Unaudited)**

Employer	2018		2017		2016		2015	
	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)	820	3.76%	1,042	4.87%	1,042	4.84%	1,090	5.02%
Watkins Construction	800	3.66%	500	2.33%	500	2.32%	500	2.30%
Russell Stover Candies (seasonal)	726	3.32%	850	3.97%	850	3.95%	850	3.91%
Corsicana ISD	700	3.21%	811	3.79%	811	3.77%	811	3.73%
Navarro Regional Hospital	350	1.60%	350	1.63%	350	1.63%	350	1.61%
Walmart Super Center	350	1.60%	350	1.63%	350	1.63%	350	1.61%
Collin Street Bakery (seasonal)	347	1.59%	150	0.70%	150	0.70%	150	0.69%
Navarro County	337	1.54%	284	1.33%	284	1.32%	284	1.31%
Guardian Industries, Corp.	325	1.49%	312	1.46%	312	1.45%	318	1.46%
Corsicana Bedding	314	1.44%	257	1.20%	257	1.19%	257	1.18%
City of Corsicana (includes part time)	276	1.26%	284	1.33%	284	1.32%	284	1.31%
Kohl's Distribution Center	200	0.92%	200	0.93%	200	0.93%	315	1.45%
Pactiv	194	0.89%	250	1.17%	-	0.00%	-	0.00%
Oil City Iron Works	194	0.89%	255	1.19%	255	1.18%	255	1.17%
Heritage Oaks/Heritage Oaks West	191	0.87%	72	0.34%	72	0.33%	72	0.33%
NALCO Champion	150	0.69%	150	0.70%	150	0.70%	-	0.00%
Morgan Corp.	150	0.69%	149	0.70%	-	0.00%	-	0.00%
Angels at Home	150	0.69%	150	0.70%	-	0.00%	-	0.00%
Tru-Serve Distribution Center	145	0.66%	180	0.84%	180	0.84%	180	0.83%
Polyguard	125	0.57%	-	0.00%	-	0.00%	-	0.00%
Community National Bank & Trust	80	0.37%	114	0.53%	-	0.00%	-	0.00%
Cargo Craft	75	0.34%	-	0.00%	-	0.00%	-	0.00%
Plasson	70	0.32%	-	0.00%	-	0.00%	-	0.00%
Navarro Pecan	60	0.27%	-	0.00%	-	0.00%	-	0.00%
EXXON/Mobil Pipeline	55	0.25%	-	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>7,184</b>	<b>32.90%</b>	<b>6,710</b>	<b>31.33%</b>	<b>6,047</b>	<b>28.10%</b>	<b>6,066</b>	<b>27.92%</b>

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



Table 13

2014		2013		2012		2011		2010		2009	
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
1,106	5.21%	1,134	5.50%	1,107	5.43%	1,064	5.33%	982	4.95%	950	4.75%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
850	4.00%	795	3.85%	680	3.34%	680	3.41%	680	3.43%	825	4.12%
811	3.82%	800	3.88%	811	3.98%	811	4.07%	811	4.09%	802	4.01%
350	1.65%	385	1.87%	354	1.74%	354	1.77%	354	1.78%	350	1.75%
350	1.65%	-	0.00%	325	1.59%	-	0.00%	-	0.00%	-	0.00%
150	0.71%	379	1.84%	150	0.74%	150	0.75%	150	0.76%	766	3.83%
284	1.34%	300	1.45%	284	1.39%	284	1.42%	284	1.43%	284	1.42%
318	1.50%	360	1.75%	318	1.56%	318	1.59%	318	1.60%	390	1.95%
257	1.21%	449	2.18%	257	1.26%	257	1.29%	257	1.30%	190	0.95%
284	1.34%	277	1.34%	284	1.39%	284	1.42%	284	1.43%	336	1.68%
315	1.48%	333	1.61%	200	0.98%	200	1.00%	200	1.01%	200	1.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
255	1.20%	212	1.03%	172	0.84%	172	0.86%	172	0.87%	200	1.00%
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%	-	0.00%
180	0.85%	165	0.80%	149	0.73%	149	0.75%	149	0.75%	152	0.76%
-	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%	250	1.25%
-	0.00%	-	0.00%	-	0.00%	148	0.74%	148	0.75%	170	0.85%
-	0.00%	-	0.00%	-	0.00%	145	0.73%	145	0.73%	250	1.25%
<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>	<b>6,115</b>	<b>30.55%</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
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
2009	12,465,236	14,384	867

**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
2,736,720	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
2,759,980	1,476,690	4,236,670	2.94

## Navarro College District

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

	2018	2017	2016	2015
<b>Faculty</b>				
Full-Time	132	136	133	128
Part-Time	361	361	382	405
Total	493	497	515	533
Full-Time	26.8%	27.4%	25.8%	24.0%
Part-Time	73.2%	72.6%	74.2%	76.0%
Total	100.0%	100.0%	100.0%	100.0%
Average Annual Faculty Salary	\$ 54,654	\$ 55,863	\$ 55,134	\$ 54,396
<b>Staff and Administrators</b>				
Full-Time	216	234	252	244
Part-Time	77	119	89	94
Total	293	353	341	338
Full-Time	73.7%	66.3%	73.9%	72.2%
Part-Time	26.3%	33.7%	26.1%	27.8%
Total	100.0%	100.0%	100.0%	100.0%

**Table 15**

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
127	121	122	122	123	113
415	446	540	355	364	355
<u>542</u>	<u>567</u>	<u>662</u>	<u>477</u>	<u>487</u>	<u>468</u>
23.4%	21.3%	18.4%	25.6%	25.3%	24.1%
76.6%	78.7%	81.6%	74.4%	74.7%	75.9%
<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>\$ 55,602</u>	<u>\$ 53,781</u>	<u>\$ 52,681</u>	<u>\$ 52,138</u>	<u>\$ 50,232</u>	<u>\$ 51,678</u>
244	252	231	230	214	208
79	71	94	95	100	31
<u>323</u>	<u>323</u>	<u>325</u>	<u>325</u>	<u>314</u>	<u>239</u>
75.5%	78.0%	71.1%	70.8%	87.0%	59.8%
24.5%	22.0%	28.9%	29.2%	13.0%	40.2%
<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 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Student Classification</b>								
00-30 hours	6,496	72.44%	6,741	73.03%	6,772	71.45%	7,036	70.37%
31-60 hours	1,622	18.09%	1,592	17.25%	1,741	18.37%	1,895	18.95%
> 60 hours	850	9.48%	897	9.72%	965	10.18%	1,068	10.68%
<b>Total</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>9,999</b>	<b>100.00%</b>
<b>Semester Hour Load</b>								
Less than 3	56	0.62%	60	0.65%	239	2.52%	220	2.20%
3-5 semester hours	1,993	22.22%	2,196	23.79%	1,931	20.37%	1,902	19.02%
6-8 semester hours	2,373	26.46%	2,346	25.42%	2,370	25.01%	2,345	23.45%
9-11 semester hours	1,489	16.60%	1,447	15.68%	1,383	14.59%	1,588	15.88%
12-14 semester hours	1,916	21.36%	1,921	20.81%	2,327	24.55%	2,561	25.61%
15-17 semester hours	948	10.57%	1,037	11.24%	1,040	10.97%	1,102	11.02%
18 & over	193	2.15%	223	2.42%	188	1.98%	281	2.81%
<b>Total</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>9,999</b>	<b>100.00%</b>
<b>Tuition Status</b>								
Texas Resident (in-District)	1,549	17.27%	1,633	17.69%	1,809	19.09%	1,814	18.14%
Texas Resident (out-of-District)	7,163	79.87%	7,320	79.31%	7,446	78.56%	7,920	79.21%
Non-Resident Tuition	256	2.85%	277	3.00%	223	2.35%	265	2.65%
<b>Total</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>9,999</b>	<b>100.00%</b>

Table 16

Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
7,353	71.69%	7,060	69.91%	7,271	69.69%	7,311	71.92%	6,701	72.84%	6,191	74.34%
1,871	18.24%	1,958	19.39%	2,022	19.38%	1,841	18.11%	1,615	17.55%	1,403	16.85%
1,033	10.07%	1,080	10.70%	1,140	10.93%	1,014	9.97%	884	9.61%	734	8.81%
<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>	<u>8,328</u>	<u>100.00%</u>
251	2.45%	201	1.99%	171	1.64%	159	1.56%	94	1.02%	673	8.08%
1,717	16.74%	1,592	15.77%	1,646	15.78%	1,820	17.90%	1,769	19.23%	1,458	17.51%
2,236	21.80%	2,173	21.52%	2,176	20.86%	1,998	19.65%	1,856	20.17%	1,530	18.37%
1,604	15.64%	1,422	14.08%	1,514	14.51%	1,402	13.79%	1,198	13.02%	1,014	12.18%
2,739	26.70%	2,866	28.38%	3,118	29.89%	2,987	29.38%	2,532	27.52%	2,034	24.42%
1,411	13.76%	1,480	14.66%	1,460	13.99%	1,409	13.86%	1,361	14.79%	1,296	15.56%
299	2.92%	364	3.60%	348	3.34%	391	3.85%	390	4.24%	323	3.88%
<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>	<u>8,328</u>	<u>100.00%</u>
1,927	18.79%	1,922	19.03%	1,996	19.13%	2,028	19.95%	1,816	19.74%	1,777	21.34%
8,052	78.50%	7,883	78.06%	8,102	77.66%	7,830	77.02%	7,131	77.51%	6,304	75.70%
278	2.71%	293	2.90%	335	3.21%	308	3.03%	253	2.75%	247	2.97%
<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>	<u>8,328</u>	<u>100.00%</u>

**Navarro College District**

Student Profile  
Last Ten Fiscal Years  
(Unaudited)

	Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Gender</b>								
Female	5,314	59.26%	5,270	57.10%	5,565	58.71%	5,904	59.05%
Male	3,654	40.74%	3,960	42.90%	3,913	41.29%	4,095	40.95%
Total	<u>8,968</u>	<u>100.00%</u>	<u>9,230</u>	<u>100.00%</u>	<u>9,478</u>	<u>100.00%</u>	<u>9,999</u>	<u>100.00%</u>
<b>Ethnic Origin</b>								
White	4,864	54.24%	5,208	56.42%	5,404	57.02%	5,710	57.11%
Hispanic	1,987	22.16%	1,980	21.45%	1,830	19.31%	1,795	17.95%
African American	1,596	17.80%	1,599	17.32%	1,859	19.61%	2,109	21.09%
Asian	89	0.99%	102	1.11%	80	0.84%	74	0.74%
Foreign	104	1.16%	130	1.41%	111	1.17%	131	1.31%
Native American	54	0.60%	62	0.67%	58	0.61%	62	0.62%
Other	274	3.06%	149	1.61%	136	1.43%	118	1.18%
Total	<u>8,968</u>	<u>100.00%</u>	<u>9,230</u>	<u>100.00%</u>	<u>9,478</u>	<u>100.00%</u>	<u>9,999</u>	<u>100.00%</u>
<b>Age</b>								
Under 18	3,212	35.82%	3,383	36.65%	3,037	32.04%	2,474	24.74%
18 - 21	3,385	37.75%	3,393	36.76%	3,584	37.81%	3,855	38.55%
22 - 24	655	7.30%	694	7.52%	787	8.30%	905	9.05%
25 - 35	1,090	12.15%	1,070	11.59%	1,217	12.84%	1,587	15.87%
36 - 50	522	5.82%	560	6.07%	685	7.23%	927	9.27%
51 & over	104	1.16%	130	1.41%	168	1.77%	251	2.51%
Total	<u>8,968</u>	<u>100.00%</u>	<u>9,230</u>	<u>100.00%</u>	<u>9,478</u>	<u>100.00%</u>	<u>9,999</u>	<u>100.00%</u>
<b>Average Age</b>	21		21		22		23	



Table 17

Fall 2013		Fall 2012		Fall 2011		Fall 2010		Fall 2009		Fall 2008	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
6,103	59.50%	6,087	60.28%	6,379	61.14%	6,218	61.16%	5,643	61.34%	5,147	61.80%
4,154	40.50%	4,011	39.72%	4,054	38.86%	3,948	38.84%	3,557	38.66%	3,181	38.20%
<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>	<u>8,328</u>	<u>100.00%</u>
5,672	55.30%	5,759	57.03%	6,048	57.97%	6,151	60.51%	5,636	61.26%	5,303	63.68%
1,929	18.81%	1,774	17.57%	1,639	15.71%	1,492	14.68%	1,363	14.82%	1,183	14.21%
2,333	22.75%	2,200	21.79%	2,375	22.76%	2,171	21.36%	1,903	20.68%	1,567	18.82%
70	0.68%	54	0.53%	44	0.42%	26	0.26%	87	0.95%	67	0.80%
129	1.26%	159	1.57%	174	1.67%	164	1.61%	153	1.66%	156	1.87%
47	0.46%	61	0.60%	53	0.51%	71	0.70%	52	0.57%	52	0.62%
77	0.75%	91	0.90%	100	0.96%	91	0.90%	6	0.07%	-	0.00%
<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>	<u>8,328</u>	<u>100.00%</u>
2,428	23.67%	2,206	21.85%	1,891	18.13%	1,848	18.18%	1,917	20.84%	2,138	25.67%
4,052	39.50%	3,959	39.21%	4,204	40.30%	4,131	40.64%	3,723	40.47%	3,313	39.78%
923	9.00%	972	9.63%	1,050	10.06%	990	9.74%	969	10.53%	756	9.08%
1,657	16.15%	1,704	16.87%	1,924	18.44%	1,874	18.43%	1,534	16.67%	1,211	14.54%
933	9.10%	1,014	10.04%	1,112	10.66%	1,065	10.48%	898	9.76%	780	9.37%
264	2.57%	243	2.41%	252	2.42%	258	2.54%	159	1.73%	130	1.56%
<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>	<u>8,328</u>	<u>100.00%</u>
23		24		24		24		23		23	

**Navarro College District**

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

Name	2016 - 2017 Graduate as of Fall 2017				
	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	-	-	4	0.27%
2 Lamar University	4	-	-	4	0.27%
3 Midwestern State University	15	1	-	16	1.08%
4 Prairie View A&M University	7	1	-	8	0.54%
5 Sam Houston State University	86	7	1	94	6.36%
6 Stephen F. Austin State University	59	4	2	65	4.39%
7 Sul Ross State University	1	-	-	1	0.07%
8 Sul Ross State University - Rio Grande College	-	-	-	-	0.00%
9 Tarleton State University	167	9	1	177	11.97%
10 Texas A&M International University	1	-	-	1	0.07%
11 Texas A&M University	140	2	-	142	9.60%
12 Texas A&M University at Commerce	177	13	1	191	12.91%
13 Texas A&M University at Corpus Christi	10	-	-	10	0.68%
14 Texas A&M University at Galveston	8	-	-	8	0.54%
15 Texas A&M University at Kingsville	2	-	-	2	0.14%
16 Texas Southern University	7	-	-	7	0.47%
17 Texas State University	82	2	-	84	5.68%
18 Texas Tech University	93	4	1	98	6.63%
19 Texas Woman's University	34	5	-	39	2.64%
20 The University of Texas - Pan American	-	-	-	-	0.00%
21 The University of Texas at Arlington	189	17	-	206	13.93%
22 The University of Texas at Austin	35	3	-	38	2.57%
23 The University of Texas at Dallas	20	1	2	23	1.56%
24 The University of Texas at El Paso	4	-	-	4	0.27%
25 The University of Texas at San Antonio	10	1	-	11	0.74%
26 The University of Texas at Tyler	53	3	-	56	3.79%
27 The University of Texas of the Permian Basin	26	2	-	28	1.89%
28 University of Houston	24	-	-	24	1.62%
29 University of Houston at Downtown	-	-	-	-	0.00%
30 University of Houston at Victoria	6	-	-	6	0.41%
31 University of North Texas	87	4	-	91	6.15%
32 University of North Texas at Dallas	32	3	-	35	2.37%
33 West Texas A&M University	6	-	-	6	0.41%
Totals	1,389	82	8	1,479	100.00%

**Source:** Texas Higher Education Coordinating Board

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

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

2015 - 2016 Graduate as of Fall 2016					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	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
Academic	Technical	Tech-Prep			Academic	Technical	Tech-Prep		
5	-	-	5	0.34%	11	1	1	13	0.89%
5	1	1	7	0.48%	10	1	-	11	0.75%
9	-	1	10	0.69%	15	-	-	15	1.02%
3	1	-	4	0.28%	7	1	-	8	0.54%
93	5	4	102	7.03%	79	1	4	84	5.72%
56	-	2	58	4.00%	60	7	2	69	4.70%
3	-	-	3	0.21%	1	-	-	1	0.07%
-	-	-	-	0.00%	-	-	-	0	0.00%
166	8	8	182	12.54%	145	13	11	169	11.51%
-	-	-	-	0.00%	-	-	-	0	0.00%
134	5	1	140	9.65%	161	-	3	164	11.17%
202	13	4	219	15.09%	161	13	7	181	12.33%
15	1	1	17	1.17%	8	1	-	9	0.61%
5	-	-	5	0.34%	6	-	-	6	0.41%
3	-	-	3	0.21%	3	-	-	3	0.20%
5	1	-	6	0.41%	6	-	-	6	0.41%
73	5	1	79	5.44%	101	2	1	104	7.08%
71	3	1	75	5.17%	86	6	1	93	6.34%
27	3	1	31	2.14%	33	8	-	41	2.79%
-	-	-	-	0.00%	-	-	-	0	0.00%
186	21	4	211	14.54%	198	30	2	230	15.67%
28	1	-	29	2.00%	34	1	-	35	2.38%
29	1	1	31	2.14%	30	1	1	32	2.18%
2	1	-	3	0.21%	1	-	-	1	0.07%
16	1	1	18	1.24%	7	-	-	7	0.48%
40	9	1	50	3.45%	41	2	1	44	3.00%
5	-	-	5	0.34%	5	-	-	5	0.34%
12	-	-	12	0.83%	14	1	-	15	1.02%
1	-	-	1	0.07%	-	-	-	0	0.00%
-	-	-	-	0.00%	-	-	-	0	0.00%
114	6	1	121	8.34%	104	1	-	105	7.15%
16	2	-	18	1.24%	12	3	1	16	1.09%
5	1	-	6	0.41%	1	-	-	1	0.07%
<u>1,329</u>	<u>89</u>	<u>33</u>	<u>1,451</u>	<u>100.00%</u>	<u>1,340</u>	<u>93</u>	<u>35</u>	<u>1,468</u>	<u>100.00%</u>

**Navarro College District**

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

Name	2013 - 2014 Graduate as of Fall 2014				
	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	9	2	2	13	0.87%
2 Lamar University	7	-	2	9	0.60%
3 Midwestern State University	7	-	1	8	0.54%
4 Prairie View A&M University	6	2	0	8	0.54%
5 Sam Houston State University	104	5	5	114	7.63%
6 Stephen F. Austin State University	64	3	2	69	4.62%
7 Sul Ross State University	-	1	-	1	0.07%
8 Sul Ross State University - Rio Grande College	-	-	-	-	0.00%
9 Tarleton State University	151	14	13	178	11.91%
10 Texas A&M International University	-	-	-	0	0.00%
11 Texas A&M University	136	6	7	149	9.97%
12 Texas A&M University at Commerce	185	15	3	203	13.59%
13 Texas A&M University at Corpus Christi	16	-	1	17	1.14%
14 Texas A&M University at Galveston	3	-	-	3	0.20%
15 Texas A&M University at Kingsville	2	3	-	5	0.33%
16 Texas Southern University	5	-	1	6	0.40%
17 Texas State University	77	-	2	79	5.29%
18 Texas Tech University	66	4	2	72	4.82%
19 Texas Woman's University	35	4	2	41	2.74%
20 The University of Texas - Pan American	2	-	1	3	0.20%
21 The University of Texas at Arlington	169	24	8	201	13.45%
22 The University of Texas at Austin	40	1	2	43	2.88%
23 The University of Texas at Dallas	33	1	-	34	2.28%
24 The University of Texas at El Paso	-	-	-	-	0.00%
25 The University of Texas at San Antonio	8	1	-	9	0.60%
26 The University of Texas at Tyler	38	6	-	44	2.95%
27 The University of Texas of the Permian Basin	7	1	-	8	0.54%
28 University of Houston	14	-	-	14	0.94%
29 University of Houston at Downtown	2	-	-	2	0.13%
30 University of Houston at Victoria	-	-	-	-	0.00%
31 University of North Texas	122	7	6	135	9.04%
32 University of North Texas at Dallas	20	-	1	21	1.41%
33 West Texas A&M University	5	-	-	5	0.33%
<b>Totals</b>	<b>1,333</b>	<b>100</b>	<b>61</b>	<b>1,494</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**

2012 - 2013 Graduate as of Fall 2013					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	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
Academic	Technical	Tech-Prep			Academic	Technical	Tech-Prep		
9	2	2	13	0.87%	4	1	-	5	0.32%
7	-	2	9	0.60%	5	-	1	6	0.39%
7	-	1	8	0.54%	11	2	1	14	0.91%
6	2	0	8	0.54%	8	2	1	11	0.71%
104	5	5	114	7.63%	77	6	5	88	5.70%
64	3	2	69	4.62%	86	7	6	99	6.41%
-	1	-	1	0.07%	1	-	-	1	0.06%
-	-	-	-	0.00%	-	-	-	-	0.00%
151	14	13	178	11.91%	125	9	5	139	9.00%
-	-	-	0	0.00%	-	-	-	-	0.00%
136	6	7	149	9.97%	144	7	5	156	10.10%
185	15	3	203	13.59%	230	12	11	253	16.39%
16	-	1	17	1.14%	13	2	-	15	0.97%
3	-	-	3	0.20%	5	-	-	5	0.32%
2	3	-	5	0.33%	1	1	-	2	0.13%
5	-	1	6	0.40%	5	-	-	5	0.32%
77	-	2	79	5.29%	55	-	2	57	3.69%
66	4	2	72	4.82%	63	4	5	72	4.66%
35	4	2	41	2.74%	44	5	2	51	3.30%
2	-	1	3	0.20%	-	-	-	-	0.00%
169	24	8	201	13.45%	194	15	8	217	14.05%
40	1	2	43	2.88%	57	2	1	60	3.89%
33	1	-	34	2.28%	20	1	2	23	1.49%
-	-	-	-	0.00%	-	-	-	-	0.00%
8	1	-	9	0.60%	13	-	1	14	0.91%
38	6	-	44	2.95%	50	3	1	54	3.50%
7	1	-	8	0.54%	11	-	-	11	0.71%
14	-	-	14	0.94%	5	1	1	7	0.45%
2	-	-	2	0.13%	4	-	1	5	0.32%
-	-	-	-	0.00%	-	1	-	1	0.06%
122	7	6	135	9.04%	122	4	4	130	8.42%
20	-	1	21	1.41%	27	3	5	35	2.27%
5	-	-	5	0.33%	7	1	-	8	0.52%
<u>1,333</u>	<u>100</u>	<u>61</u>	<u>1,494</u>	<u>100.00%</u>	<u>1,387</u>	<u>89</u>	<u>68</u>	<u>1,544</u>	<u>100.00%</u>



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

Name	2010 - 2011 Graduate as of Fall 2011				
	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students
1 Angelo State University	9	-	1	10	0.68%
2 Lamar University	12	1	-	13	0.89%
3 Midwestern State University	8	1	1	10	0.68%
4 Prairie View A&M University	5	2	2	9	0.61%
5 Sam Houston State University	79	5	7	91	6.20%
6 Stephen F. Austin State University	75	6	6	87	5.93%
7 Sul Ross State University	1	-	-	1	0.07%
8 Sul Ross State University - Rio Grande College	-	-	-	-	0.00%
9 Tarleton State University	74	7	6	87	5.93%
10 Texas A&M International University	-	-	-	-	0.00%
11 Texas A&M University	117	6	7	130	8.86%
12 Texas A&M University at Commerce	266	12	15	293	19.97%
13 Texas A&M University at Corpus Christi	7	-	-	7	0.48%
14 Texas A&M University at Galveston	6	-	-	6	0.41%
15 Texas A&M University at Kingsville	2	1	-	3	0.20%
16 Texas Southern University	6	-	-	6	0.41%
17 Texas State University	65	2	1	68	4.64%
18 Texas Tech University	68	3	6	77	5.25%
19 Texas Woman's University	32	4	3	39	2.66%
20 The University of Texas - Pan American	1	-	1	2	0.14%
21 The University of Texas at Arlington	166	17	10	193	13.16%
22 The University of Texas at Austin	55	1	7	63	4.29%
23 The University of Texas at Dallas	24	-	-	24	1.64%
24 The University of Texas at El Paso	1	-	-	1	0.07%
25 The University of Texas at San Antonio	15	-	-	15	1.02%
26 The University of Texas at Tyler	41	4	2	47	3.20%
27 The University of Texas of the Permian Basin	2	-	-	2	0.14%
28 University of Houston	22	-	1	23	1.57%
29 University of Houston at Downtown	2	-	-	2	0.14%
30 University of Houston at Victoria	-	-	-	-	0.00%
31 University of North Texas	110	5	8	123	8.38%
32 University of North Texas at Dallas	23	-	1	24	1.64%
33 West Texas A&M University	9	1	1	11	0.75%
Totals	1,303	78	86	1,467	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)**

	2018	2017	2016	2015
<b>Academic buildings</b>	19	22	22	22
Square footage (in thousands)	296,531	355,002	355,002	355,002
<b>Libraries</b>	3	3	3	3
Square footage (in thousands)	29,540	29,540	29,540	29,540
Number of Volumes (in thousands)	60,617	60,617	56,507	59,898
<b>Administrative and support buildings</b>	10	5	5	5
Square footage (in thousands)	208,514	108,847	108,847	108,847
<b>Dormitories/Apartments</b>	22	24	24	24
Square footage (in thousands)	174,848	169,304	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	1,074	1,074	1,198	1,302
<b>Athletic Facilities</b>	12	7	7	7
Square footage (in thousands)	77,658	81,708	81,708	81,708
Gymnasiums/Weight Room	2	2	2	2
Tennis Court	-	-	-	-
<b>Physical Plant Facilities</b>	5	3	3	3
Square footage (in thousands)	23,140	23,023	23,023	23,023
<b>Transportation</b>	60	53	48	48
Cars	22	14	12	11
Light Trucks/Vans	34	35	32	33
Buses	4	4	4	4



**Table 19**

2014	2013	2012	2011	2010	2009
22	15	14	14	12	12
355,002	321,117	300,786	300,786	260,737	260,737
3	3	3	3	3	3
29,540	29,540	29,540	29,540	29,540	29,998
60,894	60,078	59,012	61,226	62,337	61,208
5	3	3	3	2	2
104,287	95,819	95,819	95,819	90,897	90,897
24	24	24	23	23	23
169,304	169,304	169,304	156,254	156,254	156,254
860	883	883	819	819	850
2	1	1	1	1	1
25,100	22,100	22,100	22,100	22,100	22,100
1,450	1,108	1,008	1,037	973	951
7	7	5	5	5	5
81,708	81,708	66,416	66,416	66,416	66,416
2	2	2	2	2	2
-	-	-	-	-	-
3	2	1	1	1	1
23,023	16,030	9,492	9,492	9,492	9,492
48	43	45	40	34	33
11	12	14	12	7	7
33	27	27	24	23	23
4	4	4	4	4	3



**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, 2018, 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 13, 2018. 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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
December 13, 2018

**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, 2018. 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 statutes, regulations, and the terms and conditions of its federal awards applicable to its federal 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, 2018.

### **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 13, 2018



**NAVARRO COLLEGE DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended August 31, 2018**

**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
84.042A	TRIO Cluster

Identification of major state programs:

<u>Name of State Program</u>
Texas Education Opportunity Grant

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, 2018**

**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, 2018 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.