

**Navarro College District
Corsicana, Texas**

**Comprehensive Annual Financial Report
Years Ended August 31, 2020 and 2019**



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



INTRODUCTORY SECTION



Navarro College District

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December 17, 2020

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, 2020 is hereby submitted.

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

Whitley Penn, LLP, Certified Public Accountants, issued (“clean”) opinion on the District’s financial statements for the years ended August 31, 2020 and 2019. The report of independent auditors is located at the front of the financial section of this report.

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

PROFILE OF THE DISTRICT

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

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

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

LOCAL ECONOMY AND OUTLOOK

The District is well positioned for growth due to the geographical location of the Corsicana Campus between Dallas and Houston on Interstate 45 and between Waco and Tyler on State Highway 31 and with the Ellis County campuses located just south of the Dallas/Fort-Worth metroplex. Student enrollment statewide is experiencing a slight increase trend among community colleges. According to the Texas Higher Education Coordinating Board (THECB), the preliminary data for fall 2019 community college statewide enrollment average slightly increased by 0.75% while Navarro College showed a 5.02% 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 22.78% increase (Tyler Junior College) to a 5.75% decline (North Central College) with an average 0.43% increase for the peer group.

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

Navarro County

The Corsicana Campus is located in Navarro County, Texas. Corsicana is an industrial and commercial center. The area has the longest continuous oil flow in Texas with a total production in excess of 200 million barrels since 1895. Industries, railroads, oil, agriculture and cattle are characteristics that define Corsicana.

Corsicana and the surrounding area offer many opportunities for recreational activities. There are 12 parks, 2 golf courses, 49 tennis courts, and 3 lakes, including Richland Chambers, which is the third largest lake in the State of Texas. Corsicana also offers The Palace Theatre, The Warehouse Living Arts Center, and an outdoor amphitheater for concerts.

The estimated population of Navarro County in 2019 was 50,113 with the city of Corsicana having an estimated 2019 population of 23,906*. 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).

*Note: Retrieved June 15, 2020, 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:

Private Employer	Sector
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:

Public Employer	Sector
Corsicana ISD	Education
Navarro College	Education
City of Corsicana	Government
Navarro County	Government

Note: Retrieved June 15, 2020, 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 2019 population in Ellis County was 184,826, indicating an annual average growth rate of 3.25% from the previous year. In the years 2014-2018, 23.1% of residents between the ages of 25 and 64 hold a bachelor's degree. The median household income in 2019 was 76,792 and the median house value in Ellis County was 172,900. The 2019 estimated population of Waxahachie was 37,988 and the 2019 estimated population of Midlothian was 33,532. Ellis County is projected to have a population of 183,555 by 2023. In addition, the county's total unemployment rate for year ending 2019 is 3.1%.

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

Midlothian is a growing community in northwest Ellis County. The city is centrally located south of both Dallas and Fort Worth. Midlothian is a very active community, which holds several civic events and activities throughout the year, including the Fall Festival, Wine and Arts Festival, and Midlothian Marketplace. Due to the city's central location, at the intersection of two major state highways, 287 & 67, transportation accessibility is a unique asset for expanding businesses. Midlothian is also near the vicinity of four interstate highways, (I-20, I-35E, I-35W, & I-45). Rail transportation is a prime strength of the area with both Union Pacific and Burlington Northern railroads serving the area. The major employers in Midlothian are Gerda, 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, Dynegy, 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 late fall of 2020, the five-story acute care hospital will have a build out of 80 beds and an additional three-story professional building next to the hospital complex.

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

Ennis is located 25 miles south of downtown Dallas on I-45, with a historic downtown that offers family fun year-round. Recreational activities include skiing, fishing, swimming, and camping at U.S. Army Corps of Engineers Bardwell Lake. Ennis continues to be a Main Street City, hosting a farmer’s 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:

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

Employers with 100 - 249 Employees	
Company Name	Nature of Business
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
Employers with 50-99 Employees	
Company Name	Nature of Business
National Freight, Inc.	Freight Trucking
Coal City Cob Company	Hazardous Liquid Bulk Transportation
Navarro College-Waxahachie	Public Higher Education
Tex Corr	Paper Packaging Products

Note: Retrieved June 16, 2020, from
http://www.waxahachie.com/departments/economic_development_new/site_location_center/top_employers.php

Top employers of Midlothian per the City of Midlothian:

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

Retrieved July 16, 2020 Reprinted from <https://livability.com/tx/midlothian/business/midlothian-tx-top-employers>

Limestone County

The Mexia Campus is located on North Martin Luther King Boulevard (Hwy 14) in Mexia, the largest city in Limestone County. Limestone County is approximately 30 miles east of Waco, Texas, and has a total area of 933 square miles with an estimated population in 2020 of 23,523. Groesbeck, located approximately 12 miles north of Mexia, is the Limestone County seat. In 2019 the estimated population who had earned a High School diploma or higher was 81.1% while the average population earning a bachelor's degree or higher was 14%. The 2020 estimated population for the city of Mexia was 7,339. 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 239 individuals with intellectual or developmental disabilities, is a major employer in the area with approximately 1,214 employees. Additional employers include Wal-Mart, HEB, other retailers and manufacturing companies, and a mine in the small town of Kosse. The area is predominantly utilized for farming and ranching.

Freestone County

The Navarro College Welding Lab is located in Fairfield, Texas, in Freestone County. The Welding Lab prepares the local population as well as dual credit students for a welding industry certification. Freestone County is located 90 miles south of Dallas on I-45 and U.S. Highway 84 and has a total area of 892 square miles, with a 2020 estimated population of 20,116, of which 2,937 reside in the city of Fairfield. Other cities in Freestone County are Teague, Wortham, and Streetman.

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

Leon County

Although there is no Navarro College campus located in Leon County, Navarro College provides service for the citizens and high schools within the county. Leon County is located approximately 60 miles northeast of College Station, Texas, and has a total area of 1,081 square miles with a 2019 estimated population of 17,404. The county seat is Centerville with a 2019 estimated population of 907. Other cities in Leon County include Buffalo, Jewett, Marquez, and Leona. Fort Boggy State Park is a popular attraction. Nucor Steel is one of the largest employers in the county with an annual revenue between \$500 million and \$1 billion, employing a staff of approximately 250 to 500 employees at any given time. The Champion Ranch, located near Centerville, is a large ranching facility and peach orchard which provides livestock to area rodeo/stock shows and sponsors scholarships for area 4H and FFA students.

COMMUNITY OUTREACH AND PARTNERSHIPS

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

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

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

valued at \$1,200,000. The Pearce Museum hosts several special exhibitions a year, including themed selections from the permanent collection, invitational and juried shows by visiting artists, and traveling exhibitions. Student and faculty art shows, and a juried show of Texas artists, are annual traditions and draw a wide audience. Lectures by visiting scholars, living history days and dramatic presentations are part of a robust series of special events hosted by the Pearce Museum each year.

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

student tours. The Museum continues to serve as an invaluable asset to Navarro College and the Corsicana community.

- The District's cooperative agreement with John Deere continues to attract students from across Texas and neighboring states who wish to pursue a degree in Agriculture Mechanization Technology. The two-year Associate in Applied Science program is facilitated by two full-time faculty and prepares students to work John Deere operations and manage future technological advancements in the farm equipment industry. Thirty-three students are enrolled in the program in the 2020-2021 academic year.
- Fire Science, Emergency Medical Technician, Paramedic, and Police Academy graduates provide a trained protective services workforce to the cities, municipalities, and agencies within the College's service areas, and to the entire State of Texas. The Navarro College Police Academy has maintained a 100 percent pass rate of the Texas Commission on Law Enforcement Basic Peace Officer exam since January 2012. The Navarro College Police Academy currently offers two full time Police Academies, two part-time Police Academies, and a Fire Shift based Police Academy which accommodates full time Fire and EMS personnel seeking a Peace Officer Certification. We currently have a full and part-time class meeting in Corsicana, Texas while the Waxahachie campus supports another part time and shift-based class.
- The Basic Peace Officer Course offered by the Navarro College Police Academy is a 696-hour program designed to prepare students to pass the Peace Officer licensing exam given by Texas Commission on Law Enforcement (TCOLE). The course consists of 42 topics ranging from 2 hours to 74 hours in length are covered during the course. Approximately one-third of the class is devoted to developing physical skills required to become a peace officer. The Police Academy also offers an array of in-service courses to current officers who are state mandated to complete 40 hours of training every two years. The Police Academy offers approximately 50 in-service courses each year.
- The Navarro College Fire Academy certifies students through Texas Commission for Fire Protection (TCFP). 92% of these students qualify to sit for the TCFP Certification exam. The Navarro College EMT Academy students are certified through the National Registry of Medical Technology (NRMT) and have an 84% pass rate. Navarro College Paramedic Academy students are certified through (NRMT) and have a 92% pass rate. Navarro College provides continuing education courses for Police, EMT and Paramedic courses in Corsicana, Red Oak, Ennis, Hutchins, Waxahachie, Cedar Hill, and Wilmer, Texas.
- Navarro College has been awarded \$21,000 in grant funding from the Texas Workforce Commission to provide training and educational opportunities for the employees of qualifying small businesses. Additionally, the College was awarded \$57,500 in grant funding from the Texas Workforce Commission to provide training to businesses responding to the COVID-19 pandemic. To date, training has included occupational safety and health training necessary for employee safety in a local manufacturing company. Navarro College also provides continuing education opportunities for local law enforcement and first responders through in-service training in partnership with the Police Academy as well as continuing education training contracts with local fire departments for EMTs. Continuing Education programs include workplace training initiatives, customized corporate training, courses, and programs available through ed2go, career training and certificate programs. Certificate programs in Allied Health include Certified Nurse Aide, Certified Clinical Medical Assistant, Medication Aide, and Phlebotomy. The Continuing Education department is launching a new Google IT Certificate Program in partnership with Jobs for the Future which awarded the college a \$25,000 grant to launch the program.

- Navarro College was awarded \$321,724 from the Perkins Basic Grant for the 2020-2021 academic year. Carl Perkins funds are distributed among Career/Technical Education (CTE) programs across all campus locations. The Perkins Basic Grant support Navarro College in educating students who enroll in CTE courses and programs in preparation for high-skill, high- wage, or high-demand occupations.
- Explore CTE is an annual open house event for high school students hosted by the Perkins CTE Success Center staff. Approximately 500 area high school students attended Explore CTE where they are exposed to all the career and technical programs at Navarro College as well as industry partners. This event allowed students to visually see a pathway from college to employment. The 2020-21 Explore CTE event is set for Spring 2021.
- The Navarro College Physical Therapist program has been accredited since 2016, with an annual enrollment rate of 24 students. In 2016, the program received the highest number of years for initial accreditation. Since this time, the program has graduated three cohorts, with another cohort completing the program in December of 2018. The fourth cohort began the program in January of 2019. The program boasts a 100% passing rate for both the licensure board exams and employment rate within 6 months of completion since its inception.
- The Associate Degree Nursing (ADN) Program participated in an on-site visit February 7-9, 2017 from the Accreditation Commission for Education in Nursing (ACEN) as a part of its reaccreditation process. The Board of Commissioners granted continuing accreditation to the program. The next evaluation visit will be scheduled for Spring 2025.
- The Medial Lab Technology (MLT) Program participated in an on-site visit in February 2019 from the National Accrediting Agency for Clinical Laboratory Sciences (NAACL) as a part of its reaccreditation process. The Board of Directors granted continuing accreditation to the program for ten (10) years. The next evaluation visit will be scheduled for Spring 2029.
- The Navarro College Occupational Therapy Assistant (OTA) Program is accredited by the Accreditation Council for Occupational Therapy Education ACOTE). The last onsite visit in 2016 resulted in a 10-year reaccreditation, the highest level awarded. The OTA program, available on the Corsicana and Midlothian campuses, was ranked #2 in Texas by universities.com for all OTA offering colleges and universities.
- The Licensed Vocational Nursing Program (LVN) is offered in Mexia, Corsicana and Waxahachie. All three programs meet the Texas Board of Nursing requirements for LVN Certificates. Demand has remained strong in all programs across the service area. Pass rates on the nursing NCLEX remain above the state and national norms.

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, 2020, provided no instances of material weakness in the internal control structure.

In addition, the Business Services staff maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Navarro College Board of Trustees. Activities of all funds are included in the annual appropriated budget. The District also maintains an encumbrance accounting system as a technique of accomplishing budgetary control. Encumbered amounts lapse at fiscal year-end; however, encumbrances are generally re-appropriated as part of the subsequent year's budget.

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

MAJOR INITIATIVES

Academic Program Enhancements:

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

- Navarro College continues its partnership with Texas A&M University at Commerce. The partnership has produced 2,752 graduates, with 1,852 Bachelor of Science in Interdisciplinary Studies, 338 Bachelor in Applied Arts and Sciences (BAAS), 150 Bachelor of Science in Criminal Justice, 55 Bachelor of Business Administration (BBA), 19 Bachelor of Science in Instructional Training and Design (TDEV), 19 Bachelor of Science in Liberal Studies (BSLS), 146 Bachelor of General Studies (BGS), 3 in Bachelor of Science in Environmental Science, 24 in Bachelor of Science in Learning & Technology, 2 in Bachelor of Science in Global E-Learning, and 124 Master's degrees conferred through Summer 2020.
- 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 384 students are currently registered with Navarro College through this program for at least one dual credit course, and in spring 2020. Eighty-three (83) students graduated with their Associate Degree in May (2020). The District offers dual credit courses at most of high schools in Ellis, Navarro, Limestone, Freestone, and Leon counties. In the fall of 2019, thirty-three (33) high schools offered dual credit courses, with approximately 3,200 students participating district-wide. Many of our partnering schools enroll cohorts of students to work toward a degree or certificate. In Spring 2020, approximately 315 dual credit students earned a Navarro College degree or certificate.

- 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. This effort includes the IDEA Center (with the help of Instructional Design Consultant Catherine Kraft), which provides faculty development opportunities and instructional design consultation services to professors and staff throughout the District. In fall 2019, the IDEA Center began an initiative to identify the College's top ten enrollment courses and evaluate them for quality and consistency using the Online/Hybrid Course Observation Tool created by the Online Instruction Committee. This tool is based on Navarro College's Standards for Online Quality Course Design and Instruction and provides feedback and suggestions to faculty on ways to improve the overall quality of their courses. An online section for each faculty member of a specific course was evaluated and findings were shared with the department chair of that area. This process led to several changes and improvements in the efficacy and design of these online courses and will be expanded to other courses and departments.

Additionally, in fall 2019 the Online Instruction program added an Instructional Support Specialist position (Ms. Becky Villa) to help with administrative assistant functions and faculty support. Ms. Villa has proven to be extremely helpful with the annual budget, course scheduling and faculty teaching assignments, providing information and assistance to faculty and students and many other important duties.

The Online Instruction Committee met throughout the fall 2019 semester and among its accomplishments was the revision of the Distance Education section of Navarro College's Board Policy Manual and made recommendations to the Faculty Advisory Executive Council on changes to the Faculty Office Hour procedure to accommodate virtual office hours for faculty who teach online courses.

In Spring 2020, Navarro College shifted all classes to a modified form of instruction due to COVID-19, which meant all classes and programs would be primarily internet-based. The Office of Online Instruction and IDEA Center created a "Resources for Transitioning to Online " resource site in Canvas to serve as a hub for tutorials, information, and support for all faculty who were making the transition. In addition, the "Virtual IDEA Center" was created using Microsoft Teams with daily hours of availability to provide a live forum for faculty to join and discuss specific issues with their courses _and receive consultation and/or advice. In addition, one-hour workshops were held each Tuesday afternoon via Zoom which covered a variety of topics, including videoconferencing, lecture-capturing, making courses more navigable, maintaining the Canvas gradebook, creating and administering tests in Canvas, and much more.

COVID-19 and its effect on instructional delivery due to federal, state, and local safety protocols exposed several needs for Navarro College is successfully meeting the needs of its students, staff, and faculty. CARES Act funding provided a means to alleviate some of these limitations. Navarro College applied and received CARES Act funding for several initiatives, including those related specifically to distance learning. The following items were purchased and implemented for the fall 2020 semester:

- Canvas Studio - Canvas Studio is an extension of the existing Canvas Learning Management System (LMS) and is a lecture capture and video storage tool. which allows all users to create their own video "libraries" using the built-in capture tool, as well as store video content from outside sources such as YouTube, Vimeo, TedX, or self-created content. Studio provides users with the function to record and edit using a webcam and/or their computer screen (with auto closed-captioning to meet Section 508 accessibility requirements), share with other users -within Canvas (or embed into their courses), and even create video assignments with questions and polling capabilities embedded in the video.

- Zoom - Zoom is a web conferencing tool which allows two-way interaction between multiple participants and can be integrated into the existing Canvas Learning Management System (LMS). The transition from face-to-face instruction to remote learning because of COVID-19 demonstrated a clear need for faculty to be able to communicate and continue to provide instruction to students at a distance. Zoom provides faculty and staff with the ability to conduct live videoconferencing sessions with colleagues and students, hold virtual office hours, provide various student services such as tutorial or help desk assistance, and conduct class meetings in real time.
- Respondus Monitor Unlimited - Respondus Monitor works with Respondus Lockdown Browser to provide added test security and student verification for students who take online exams in an unsupervised, non-proctored environment. Respondus Lockdown Browser and Monitor are integrated into the Canvas Learning Management System (LMS) and requires students to use a webcam and microphone while taking the exam. Monitor uses facial recognition technology to verify the student's identity and record the student's face and ambient audio during the exam. Once the exam is completed, the professor can access a report in Canvas which flags any suspicious behavior and activity. For courses requiring proctored testing, the need arose to provide secure testing in a non-proctored environment (i.e., at home) at no additional financial burden on students. In addition, students enrolled in online courses which required proctored testing were suddenly faced without an option to go to a physical testing location. The ability to provide students with the ability to test in a secure, non-proctored setting at no cost is necessary to minimize the likely occurrences of academic dishonesty and verification of student identity.
- Canvas Catalog - Canvas Catalog is an extension of the existing Canvas Learning Management System (LMS) and is a learning solution that includes a customized course catalog, course registration system, payment gateway, and learning platform. Catalog provides a seamless platform to integrate programs such as Continuing Education (CE), internal professional development, Career & Technical Education (CTE), and competency-based instruction. In addition, Canvas Catalog can be utilized for Prior Learning Assessment (PLA) to address the likely increase of displaced workers or those seeking technical updating or transition to new career paths.
- Portable Public Address Systems for Classrooms - The requirement of facial covering and social-distancing protocols in larger classrooms presented a problem with students not being able to hear and understand their professor during class, or when students were giving speech or presentations, etc. A portable speaker with a microphone available in these classrooms alleviated these problems.

Finally, Navarro College implemented the Concourse syllabus management tool prior to the start of the fall 2020 semester which makes syllabi at Navarro College more accessible, uniform, and consistent. Concourse provides a means by which the institution can create a syllabus template which contains the general information found in all syllabi, then allows departments and faculty to edit only the areas where allowed. Students can view their syllabus within the Canvas environment and a link is provided on the Navarro College website which allows the general public to search and view syllabi within three clicks of the homepage as required by House Bill 2504. These syllabi are also mobile friendly and ADA compliant.

- 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 34 high schools and there are 13 declared majors in the Music Program.

- The Midlothian Higher Education Center, located on the District's Midlothian campus, continues a partnership with Tarleton State University to offer seven bachelor's degrees in the following areas: Agribusiness, Applied Science, Business Administration, General Business, Psychology, Criminal Justice Administration & Manufacturing, and Industrial Management. Since 2013, Tarleton State University has awarded over 500 bachelor's degrees to students at the Midlothian Higher Education Center.
- In the Fall 2020 semester, The University of North Texas at Dallas joined the partnership with Navarro College and Tarleton State University. UNT Dallas will offer the bachelor's degree in education. The courses will start virtually due to the COVID-19 Pandemic but will transition to on-campus courses when allowed. A UNT Dallas representative will office on the Navarro College Midlothian Campus as a recruiter and advisor for students transferring to UNT Dallas.
- Providing good customer service and quality resources contribute to a positive environment for students and enhances the academic programs. Efforts in this regard include:
 - Providing wireless internet service on all campuses, with the necessary firewall infrastructure to protect the integrity of the data.
 - Continuing to upgrade safety measures, including placing defibrillators on all campuses; adding wireless internet-based security cameras in the dining hall, library, Special Event Center (SEC), residence life areas, and the Midlothian campus; and adding panic buttons in each of our college stores and the cashiering office on each campus. Tabletop exercises on weather related emergencies were held on the Corsicana campus with representatives from other campuses in attendance. Emergency lockdown, evacuation, and shelter drills were held at campus locations to prepare the campus community in proper response during an emergency.

Athletic Program Achievements:

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

- The basketball team finished the 2019-20 year with a record of 19-11 and were a Region XIV Conference runners-up and were the Region XIV Tournament semi-finalists. Three student-athletes transferred to NCAA 4-year universities.
- The baseball team was not able to complete the 2020 regular season schedule due to COVID-19. Thirteen players transferred to play at four-year institutions .
- The soccer team finished 15-5 and were runners up in the Region XIV Championship. They qualified for the NJCAA National Tournament and finished #7 ranked in the country in the final NJCAA poll. Three student-athletes were named All-Region and four were honorable mention with two. players earning NJCAA All-American honors. Three players earned Academic All Region while nine earned Academic All-American recognition. Five players graduated and four transferred to 4-year universities.

- The softball team was not able to complete the 2020 regular season schedule due to COVID-19. Of eleven Sophomores, seven athletes transferred to university programs and four sophomores returned to Navarro.
- The football team finished with a 6-5 record for the 2019 season. Navarro won the SWJCFC Regional Championship and brought home the Roark Montgomery Memorial trophy. The 2019 team sent seventeen players to four-year universities. One player was named NJCAA All-American. One player was named NJCAA National Offensive Player of the Year.
- The cheer team was not able to compete in the 2019 NCA National Championships due to COVID-19. They have brought home an NCA National Championship in 14 of the last 20 years and have won five Grand National Championships. Ten cheerleaders went on to university programs.
- The volleyball team finished the 2019 season with a 31-0 record. They finished the Regular Season NJCAA Poll #1 in the Nation. Navarro won the Region XIV Conference Championship, Region XIV Tournament and captured the 2019 NJCAA Division I National Championship. Three student athletes were named First Team All-Region. One student-athletes was named to the second Team All-Region. One student athlete was named Conference Libero of the Year. Two student-athletes were named to NJCAA 1st Team All-American, and one player was named Region XIV Most Valuable Player. One player was named NJCAA National Player of the Year. Three players transferred to a university program.
- Academics are stressed by the Navarro College administration and coaching staff. Success is evidenced by having 46 athletes earn Academic All-American recognition by the NJCAA and 34 athletes named to the 2019-2020 Region XIV All-Academic Team. The Softball (3.52), Volleyball (3.52), Soccer (3.36), Baseball (3.29), and Basketball (3.07) teams earned recognition as NJCAA Academic Teams of the Year. Each athletic team was also heavily involved in other areas as our student athletes volunteered with over 3000 hours of community service projects in 2019-20.

Construction and Facilities Improvements Projects

In 2019-20 several improvements were completed on the four College Campuses. These included the following:

- Constructed two Nursing Sim-Labs in Bain Center on Corsicana Campus
- Replaced metal trim on Building 20
- Removed Dead trees at Bain Center, Soccer Field, and Cook Center
- Installed cased opening between Bain Center 307 and 308
- Constructed four Nursing Sim-Labs on Waxahachie Campus
- Relocated two computer labs from Waxahachie Building C to Building A
- Installed electrical and network cabling for new computer lab
- Completed modernization of HVAC Controls in Fine Arts classroom building
- Constructed outdoor classroom and study area at Drane Hall
- Major upgrade: Replaced Air Conditioning Condensing Unit and Evaporator Coil in the Fine Arts Building
- Created Esports facility in Computer Science Building
- Replace 14 vanities, countertops, and faucets in 8 college apartments in building 16
- Replace 30 vanities, countertops, and faucets in 8 college apartments in buildings 31
- Repainted stripes in Parking Lots and paint curbs - all campuses
- Replace the aging, worn, and illegible traffic directional signs on Corsicana Campus
- Repaired and repainted staircases in housing

- Painted and Install two storage containers at John Deere Building to house portable practice stage for Cheer
- Replace new carpet in 8 upstairs apartments in buildings numbers 17, 18, 19, & 20
- Repainted interior of 16 college apartments in buildings 17, 18, 19, & 20
- Replace 64 windows in college apartment buildings
- Repaired and repainted exterior of three dormitories: McCormick, Hossier, and Estes Halls

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, 2019. This was the eighteenth consecutive year (2001 through 2019) 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, Director of Business Services and Cashiers Office, Jan Phillips, Director of Budget and Procurement, Janet Daugherty, Director of Payroll and Accounts Payable, Kathy Kistler, Director of Financial Aid, Kristal Nicholson, and Grant and Staff Accountants, Jeanette Sparks and Brianna Espinoza. In addition, various members of the President's Leadership team provided information for inclusion in the transmittal letter, that benefit the overall comprehensiveness of the report. Appreciation is also expressed to the accounting firm of Whitley Penn, LLP for their assistance in the timely completion of the audit. Due credit should also be given to the Board of Trustees and the District President, Dr. Kevin G. Fegan for their interest in planning and conducting the operations of the District in a professional manner.

Respectfully submitted,



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

NAVARRO COLLEGE DISTRICT
Organization Chart

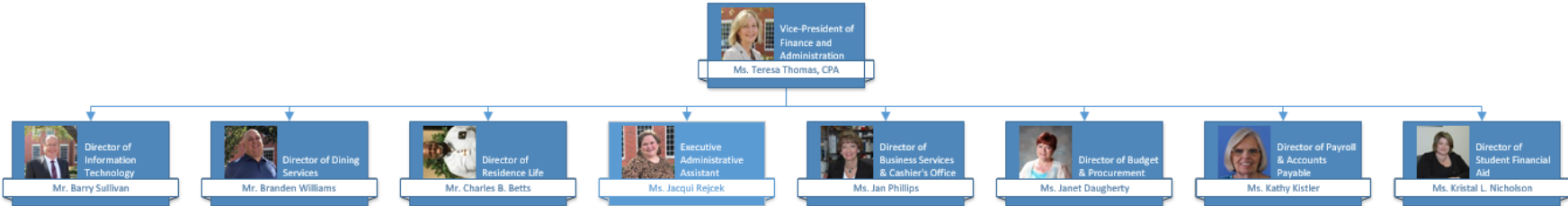
DISTRICT ADMINISTRATION

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**NAVARRO COLLEGE DISTRICT
Organization Chart**

FINANCE AND ADMINISTRATION



Navarro College District
Principal Officials
Year Ended August 31, 2020

Board of Trustees

Officers

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

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

Executive Officers

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

Business Officers

Teresa Thomas, CPA	Vice President, Finance and Administration
Jan Phillips	Director of Business Services & Cashiers
Kathy Kistler	Director of Payroll and Accounts Payable
Janet Daugherty	Director of Budget and Procurement

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, 2019

Christopher P. Merrill

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 (the “District”) as of and for the years ended August 31, 2020 and 2019, 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, 2020 and 2019. 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.

To the Board of Trustees
Navarro College District

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 the District as of August 31, 2020 and 2019, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 15 and pension and other post-employment benefit information on pages 66 through 72 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

To the Board of Trustees
Navarro College District

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 17, 2020 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.

Fort Worth, Texas
December 17, 2020



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, 2020. 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 xii of this report.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$27,877,610 (net position). Of this amount, (\$16,180,400) is unrestricted net position. This deficit is caused by the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions* ("GASB No. 75") and reflects the District's proportionate share of the other post-employment benefit (OPEB) liability in the District's financial statements. This implementation does not affect the financial stability of the District or how the District conducts its financial decision-making. Rather, the District is reflecting its portion of the liability that the State of Texas manages and operates.
- The District's net pension liability totaled \$10,392,525, a decrease of \$1,221,156 in comparison to the prior year. This amount represents the District's portion of the Teacher Retirement System's ("TRS") net pension liability.
- The District's net OPEB liability totaled \$28,168,947, an increase of \$1,966,885 in comparison to the prior year. This amount represents the District's portion of the Employee Retirement System's ("ERS") net OPEB liability.
- The District's total bonded debt decreased by \$1,661,316 during the current fiscal year.
- Total net position of the District reflected an increase of \$352,300 to a total of \$27,877,610 at August 31, 2020.

Overview of the Financial Statements and Financial Analysis

The District is proud to present its financial statements for the fiscal years ended August 31, 2020 and 2019. There are three financial statements presented: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Statements of Net Position

	August 31,			Amount of Change 2019 to 2020	Percentage of Change 2019 to 2020
	2020	2019	2018		
Assets					
Current assets	\$ 41,276,771	\$ 34,614,208	\$ 37,528,636	\$ 6,662,563	19.25%
Capital assets	60,468,004	61,630,207	61,781,798	(1,162,203)	(1.89%)
Total assets	\$ 101,744,775	\$ 96,244,415	\$ 99,310,434	\$ 5,500,360	5.71%
Total deferred outflows of resources					
	\$ 17,636,887	\$ 19,256,201	\$ 2,303,062	\$ (1,619,314)	(8.41%)
Current liabilities	\$ 22,159,087	\$ 17,177,777	\$ 20,463,587	\$ 4,981,310	29.00%
Noncurrent liabilities	57,330,125	59,353,655	46,661,735	(2,023,530)	(3.41%)
Total liabilities	\$ 79,489,212	\$ 76,531,432	\$ 67,125,322	\$ 2,957,780	3.86%
Total deferred inflows of resources					
	\$ 12,014,840	\$ 11,443,874	\$ 5,621,675	\$ 570,966	4.99%
Net position					
Net investment in capital assets	\$ 41,768,930	\$ 40,746,545	\$ 40,339,844	\$ 1,022,385	2.51%
Restricted - expendable	2,289,080	2,482,390	2,373,273	(193,310)	(7.79%)
Unrestricted	(16,180,400)	(15,703,625)	(13,846,618)	(476,775)	3.04%
Total net position	\$ 27,877,610	\$ 27,525,310	\$ 28,866,499	\$ 352,300	1.28%

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.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

Financial Analysis from 2019 to 2020

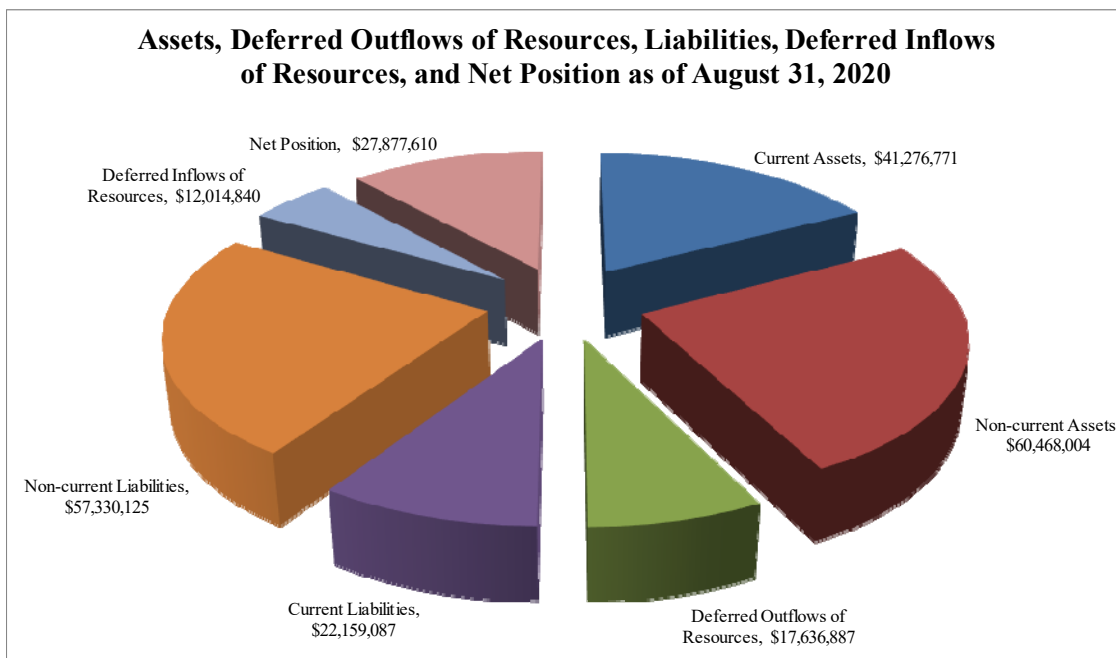
Current assets increased to \$41,276,771 from \$34,614,208 , for an increase of \$6,662,563 or 19.25% . Increases were noted in cash and cash equivalents of \$10,222,286, these increases are partially offset by decreases in accounts receivable of (\$2,885,777) and inventories of (\$696,902).

Capital assets show a decrease of (\$1,162,203) or (1.89%) after depreciation. This decrease in capital assets is a result of the District’s annual increase of accumulated depreciation of (\$2,377,550) being more than capital assets additions for the year and the sale of building in the amount of (\$591,630).

Total liabilities increased to \$79,489,212 from \$76,531,432 , for an increase of \$2,957,780 or 3.86% . Increases were noted in accounts payable of \$114,146; \$215,211 in accrued liabilities; \$120,133 in funds held for others of; \$3,940,377 in unearned revenue; \$92,136 in compensated absences; and \$1,966,885 in net OPEB liability. The increases are offset by decreases of (\$525,358) in capital leases; (\$8,278) in claims and judgements; and (\$1,221,156) in net pension liability;. The decreases in loans of (\$75,000) and bonds payable of (\$1,661,316) are due to forgiveness of debt, scheduled debt service payments, and amortization of bond premiums.

Deferred outflows of resources decreased by (\$1,619,314) or (8.41%) and deferred inflows of resources increased \$570,966 or 4.75% 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 \$352,300 to a total of \$27,877,610 at August 31, 2020. This change can be attributed to an increase \$1,022,385 of in net investment in capital assets offset by a decrease of (\$193,310) in expendable restricted net position and a decrease of (\$476,775) in unrestricted net position.



MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis from 2018 to 2019

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

Capital assets show a decrease of (\$151,591) or (0.25%) after depreciation. This decrease in capital assets is a result of the District's annual increase of accumulated depreciation of (\$2,415,665) being more than capital assets additions for the year of \$1,004,811.

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

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

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

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Statements of Revenues, Expenses, and Changes in Net Position

	2020	2019	2018	Amount of Change 2019 to 2020	Percentage Change 2019 to 2020
Operating revenues					
Tuition and fees	\$ 14,857,047	\$ 14,804,719	\$ 15,201,312	\$ 52,328	0.35%
Sales and services	5,795,867	6,241,698	6,625,968	(445,831)	(7.14%)
Other operating revenues	148,483	170,263	267,904	(21,780)	(12.79%)
Total operating revenues	<u>20,801,397</u>	<u>21,216,680</u>	<u>22,095,184</u>	<u>(415,283)</u>	<u>(1.96%)</u>
Nonoperating revenues					
State appropriations	15,310,636	16,641,393	17,091,034	(1,330,757)	(8.00%)
Maintenance ad valorem property taxes	4,757,104	4,225,699	3,980,582	531,405	12.58%
Grants and contracts	17,416,266	16,917,751	17,766,326	498,515	2.95%
Gifts	1,008,001	1,041,306	926,182	(33,305)	(3.20%)
Investment income	235,077	153,046	123,628	82,031	53.60%
Other non-operating revenues	-	432,662	77,119	(432,662)	(100.00%)
Total non-operating revenues	<u>38,727,084</u>	<u>39,411,857</u>	<u>39,964,871</u>	<u>(684,773)</u>	<u>(1.74%)</u>
Total revenues	<u>59,528,481</u>	<u>60,628,537</u>	<u>62,060,055</u>	<u>(1,100,056)</u>	<u>(1.81%)</u>
Operating expenses					
Instruction	19,388,245	20,462,044	19,801,849	(1,073,799)	(5.25%)
Public service	1,362,008	346,517	351,097	1,015,491	293.06%
Academic support	3,064,442	3,198,198	3,321,324	(133,756)	(4.18%)
Student services	4,870,434	4,900,914	4,752,342	(30,480)	(0.62%)
Institutional support	7,700,104	7,324,796	7,388,738	375,308	5.12%
Operation and maintenance of plant	3,662,680	4,108,475	4,189,188	(445,795)	(10.85%)
Scholarships and fellowships	7,120,406	7,874,880	8,330,076	(754,474)	(9.58%)
Auxiliary enterprises	8,884,866	10,542,824	10,132,772	(1,657,958)	(15.73%)
Depreciation expense	2,377,550	2,415,665	2,059,675	(38,115)	(1.58%)
Total operating expenses	<u>58,430,735</u>	<u>61,174,313</u>	<u>60,327,061</u>	<u>(2,743,578)</u>	<u>(4.48%)</u>
Nonoperating expenses					
Interest on capital related debt	744,800	795,413	833,854	(50,613)	(6.36%)
Other non-operating expenses	646	-	-	646	100.00%
Total non-operating expenses	<u>745,446</u>	<u>795,413</u>	<u>833,854</u>	<u>(49,967)</u>	<u>(6.28%)</u>
Total expenses	<u>59,176,181</u>	<u>61,969,726</u>	<u>61,160,915</u>	<u>(2,793,545)</u>	<u>(4.51%)</u>
Change in net position	352,300	(1,341,189)	899,140	1,693,489	(126.27%)
Beginning net position	<u>27,525,310</u>	<u>28,866,499</u>	<u>27,967,359</u>	<u>(1,341,189)</u>	<u>(4.65%)</u>
Ending net position	<u>\$ 27,877,610</u>	<u>\$ 27,525,310</u>	<u>\$ 28,866,499</u>	<u>\$ 352,300</u>	<u>1.28%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis from 2019 to 2020

The Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position of \$352,300 . Operating revenues decreased (\$415,283) or (1.96%).

Non-operating revenues decreased by (\$684,773) or (1.74%). State appropriations reported a decrease of (\$1,330,757) or (8.00%). Other non-operating revenues decreased by (\$432,662) and gifts decreased by (\$33,305). These decreases are offset by increases of \$531,405 in ad valorem taxes; \$498,515 in grants and contracts; and \$82,031 in investment income.

Overall operating expenses decreased by (\$2,743,578) or (4.48%). This decrease is due to changes in the following categories: (\$1,073,779) in instruction; (\$133,756) in academic support; (\$30,480) in student services; (\$445,795) in operation and maintenance of plant; (\$754,474) in scholarships and fellowships; (\$1,657,958) in auxiliary enterprises; and (\$38,115) in depreciation. These increases are offset by an increase in institutional support of \$375,308 and in public services of \$1,015,491.

Non-operating expenses of interest on capital related debt decreased by (\$50,613) or (6.36%) due to regular payment of principal and interest.

In summary, operational activities provided the District with an increase of \$352,300 which increased net position to a total of \$27,877,610 at August 31, 2020.

Financial Analysis from 2018 to 2019

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

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

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

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

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

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>Amount of Change 2019 to 2020</u>	<u>Percentage of Change 2019 to 2020</u>
Cash provided by (used for):					
Operating activities	\$ (27,183,379)	\$ (34,530,610)	\$ (35,423,866)	\$ 7,347,231	(21.28%)
Noncapital financing activities	41,007,378	35,647,146	35,086,023	5,360,232	15.04%
Capital and related financing activities	(3,837,488)	(3,627,902)	(3,539,208)	(209,586)	5.78%
Investing activities	<u>235,775</u>	<u>153,530</u>	<u>108,494</u>	<u>82,245</u>	<u>53.57%</u>
Net change in cash	10,222,286	(2,357,836)	(3,768,557)	12,580,122	(533.55%)
Cash, beginning of year	<u>17,126,857</u>	<u>19,484,693</u>	<u>23,253,250</u>	<u>(2,357,836)</u>	<u>(12.10%)</u>
Cash, end of year	<u>\$ 27,349,143</u>	<u>\$ 17,126,857</u>	<u>\$ 19,484,693</u>	<u>\$ 10,222,286</u>	<u>59.69%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis from 2019 to 2020

An analysis of cash flows shows an overall increase of \$10,222,286 or 59.69% for 2020. The District ended fiscal year 2020 with \$27,349,143 in cash, compared to \$17,126,857 at the end of fiscal year 2019.

Financial Analysis from 2018 to 2019

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

Debt Administration, Capital Assets, Cash, & Risk Management

Debt Administration

As of August 31, 2020, the District had \$15,234,478 of revenue bonds outstanding, including \$14,715,000 in principal and \$519,478 in unamortized bond issuance premiums.

As of August 31, 2020, the forgivable loan balance from the Midlothian Economic Development Center (MEDC) was \$825,000.

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 2020 . The following is a list of actions taken by the Committee during fiscal year 2020:

- The Navarro College Emergency Operations Plan was updated during the 2020 fiscal year.
- The Building Coordinator list has been updated and training provided by the Chief of the Navarro College Department of Public Safety.
- Online trainings have been made available for both students and staff regarding Standard Response Protocol for emergencies and Sexual Misconduct Training.
- Online risk management training for student organizations and their sponsors has been provided.
- Two successful drills have been held during the Spring 2020 and Fall 2020 semesters on all Navarro College campuses.
- The WatchDog Alert Notification System has been tested each semester (Spring 2020 and Fall 2020 semesters).
- The Lynx Panic Button system has been installed on all office keyboards. Should a crisis arise within a high risk office area, the staff member can choose to quietly and discreetly contact emergency personnel.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Economic Outlook

The COVID-19 pandemic continues to have a significant effect on enrollment and the financial position for this fiscal year. Prior to COVID-19, the institution projected a flat enrollment for the 2020-2021 budget. However, this fall, enrollment declined by (10.86%) from major indicators directly related to the pandemic. One major indicator of the enrollment decline is the shift of face-to-face course offerings to a virtual format to ensure the safety of students. Many students did not want to continue with the virtual model and as a result, there was a sharp decline of 330 face-to-face sections. Next, this impacted dual credit enrollment with high school partners. Dealing with developing a safe learning environment during a pandemic, many high school partners decided to delay enrollment, and overall, there was a decline of 435 dual credit students. The pandemic also impacted student needs and decisions to come to college. Many students continue to face tremendous needs related to the pandemic including unemployment, sickness, children staying at home, balancing financial needs, and so much more. As of September 30, 2020, Navarro College distributed \$930,132 in CARES Act student emergency aid, but we continue to see requests of higher needs at a faster pace. Overall, there was a decline in 230 returners and 369 new students. This Spring, the enrollment projection has shifted from flat to a decline of (10%). The institution is offering more face-to-face sections, but it is limited to 75% capacity. This capacity may increase or decrease depending on local and state executive orders regarding the pandemic. The institution is currently pre-registering for Spring 2021 and based on feedback from high school partners and students, there is still much uncertainty, concerns, and major life needs that will impact enrollment. There are other factors outside of enrollment that the pandemic continues to impact the institution financially. This includes a significant shift of institution resources to pandemic-related expenses such as housing reimbursement, PPE, sanitization, distance learning, software, and emergency aid. The CARES Act can support many of these needs, but there continue to be uncertainties about if the CARES Act is enough to cover all these expenses. Through uncertainty and the unknowns with providing a safe and conducive learning environment during a pandemic, the institution expects this will significantly change the college's financial position for this fiscal year.

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 7th Avenue, Corsicana, Texas 75110.



BASIC FINANCIAL STATEMENTS



Navarro College District

Statements of Net Position (Exhibit 1)

Page 1 of 2

August 31, 2020 and 2019

	Primary Government		Component Unit	
	Navarro College District		Navarro College Foundation, Inc.	
	2020	2019	2020	2019
Assets				
Current assets:				
Cash and cash equivalents	\$ 27,349,143	\$ 17,126,857	\$ 3,074	\$ 162,577
Restricted cash and cash equivalents	-	-	68,568	52,138
Accounts receivable, net	9,297,661	12,183,438	-	3,652
Prepaid expenses	2,201,029	2,178,073	-	3,719
Investments	-	-	262,858	275,992
Inventories	2,428,938	3,125,840	-	-
Total current assets	<u>41,276,771</u>	<u>34,614,208</u>	<u>334,500</u>	<u>498,078</u>
Noncurrent assets:				
Long-term investments	-	-	4,328,471	4,310,001
Capital assets, net	60,468,004	61,630,207	8,583,247	8,561,917
Total noncurrent assets	<u>60,468,004</u>	<u>61,630,207</u>	<u>12,911,718</u>	<u>12,871,918</u>
Total assets	<u>101,744,775</u>	<u>96,244,415</u>	<u>13,246,218</u>	<u>13,369,996</u>
Deferred outflows of resources				
Deferred charge on refunding	620,025	697,111	-	-
Deferred outflows related to pensions	4,163,994	4,952,035	-	-
Deferred outflows related to OPEB	12,852,868	13,607,055	-	-
Total deferred outflows of resources	<u>17,636,887</u>	<u>19,256,201</u>	<u>-</u>	<u>-</u>

**Navarro College District
Statements of Net Position
(Exhibit 1)**

Page 2 of 2

August 31, 2020 and 2019

	Primary Government		Component Unit	
	Navarro College District		Navarro College Foundation, Inc.	
	2020	2019	2020	2019
Liabilities				
Current liabilities:				
Accounts payable	\$ 1,561,414	\$ 1,447,268	\$ 9,978	\$ 102,639
Accrued liabilities	405,789	190,578	-	-
Funds held for others	803,347	683,214	-	-
Unearned revenue	16,205,380	12,265,003	-	-
Accrued compensated absences - current portion	99,305	88,051	-	-
Capital leases - current portion	541,054	523,235	-	-
Net OPEB liability - current portion	892,798	385,428	-	-
Bonds payable - current portion	1,650,000	1,595,000	-	-
Total current liabilities	<u>22,159,087</u>	<u>17,177,777</u>	<u>9,978</u>	<u>102,639</u>
Noncurrent liabilities:				
Accrued compensated absences	2,479,488	2,398,606	-	-
Accrued claims and judgments	53,918	62,196	-	-
Loan payable	825,000	900,000	-	-
Capital leases	2,718,567	3,261,744	-	-
Net pension liability	10,392,525	11,613,681	-	-
Net OPEB liability	27,276,149	25,816,634	-	-
Bonds payable	13,584,478	15,300,794	-	-
	<u>57,330,125</u>	<u>59,353,655</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>79,489,212</u>	<u>76,531,432</u>	<u>9,978</u>	<u>102,639</u>
Deferred inflows of resources				
Deferred inflows related to pensions	2,518,385	1,301,997	-	-
Deferred inflows related to OPEB	9,496,455	10,141,877	-	-
Total deferred inflows of resources	<u>12,014,840</u>	<u>11,443,874</u>	<u>-</u>	<u>-</u>
Net position				
Net investment in capital assets	41,768,930	40,746,545	8,583,247	8,561,917
Restricted for:				
Nonexpendable:				
Scholarships and fellowships	-	-	166,600	166,600
Pearce Museum	-	-	1,322,296	1,322,296
Expendable:				
Scholarships and fellowships	1,840,095	2,033,708	2,908,143	2,876,895
Debt service	448,985	448,682	-	-
Unrestricted	<u>(16,180,400)</u>	<u>(15,703,625)</u>	<u>255,954</u>	<u>339,649</u>
Total net position	<u>\$ 27,877,610</u>	<u>\$ 27,525,310</u>	<u>\$ 13,236,240</u>	<u>\$ 13,267,357</u>

Navarro College District

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

Years Ended August 31, 2020 and 2019

	Primary Government		Component Unit	
	Navarro College District	Navarro College District	Navarro College Foundation, Inc.	Navarro College Foundation, Inc.
	2020	2019	2020	2019
Operating revenues:				
Tuition and fees (net of scholarship allowances and discounts of \$5,124,721 and \$5,477,548, respectively)	\$ 14,857,047	\$ 14,804,719	\$ -	\$ -
Gifts	-	-	758,664	599,046
Sales and services of educational activities	651,534	540,312	-	-
Auxiliary enterprises (net of scholarship allowances and discounts of \$2,464,999 and \$2,465,925, respectively)	5,144,333	5,701,386	-	-
Other operating revenues	148,483	170,263	-	-
Total operating revenues	<u>20,801,397</u>	<u>21,216,680</u>	<u>758,664</u>	<u>599,046</u>
Operating expenses:				
Instruction	19,388,245	20,462,044	-	-
Public service	1,362,008	346,517	-	-
Academic support	3,064,442	3,198,198	-	-
Student services	4,870,434	4,900,914	-	-
Institutional support	7,700,104	7,324,796	91,250	89,535
Operation and maintenance of plant	3,662,680	4,108,475	-	-
Scholarships and fellowships	7,120,406	7,874,880	438,512	533,283
Auxiliary enterprises	8,884,866	10,542,824	-	-
Depreciation	2,377,550	2,415,665	-	-
Total operating expenses	<u>58,430,735</u>	<u>61,174,313</u>	<u>529,762</u>	<u>622,818</u>
Operating income (loss)	<u>(37,629,338)</u>	<u>(39,957,633)</u>	<u>228,902</u>	<u>(23,772)</u>
Nonoperating revenues (expenses):				
State appropriations	15,310,636	16,641,393	-	-
Ad valorem property taxes for maintenance and operations	4,757,104	4,225,699	-	-
Federal grants and contracts	15,883,929	15,439,330	-	-
State grants and contracts	847,085	1,234,927	-	-
Local grants and contracts	685,252	243,494	-	-
Investment income	235,077	153,046	402,474	76,735
Gifts	1,008,001	1,041,306	-	-
Interest on capital asset-related debt	(744,800)	(795,413)	-	-
Other nonoperating revenues (expenses), net	(646)	432,662	(662,493)	(151,682)
Net nonoperating revenues	<u>37,981,638</u>	<u>38,616,444</u>	<u>(260,019)</u>	<u>(74,947)</u>
Increase (decrease) in net position	352,300	(1,341,189)	(31,117)	(98,719)
Net position - beginning of year	<u>27,525,310</u>	<u>28,866,499</u>	<u>13,267,357</u>	<u>13,366,076</u>
Net position - end of year	<u>\$ 27,877,610</u>	<u>\$ 27,525,310</u>	<u>\$ 13,236,240</u>	<u>\$ 13,267,357</u>

Navarro College District

Statements of Cash Flows (Exhibit 3)

Years Ended August 31, 2020 and 2019

	Primary Government Navarro College District	
	2020	2019
Cash flows from operating activities		
Receipts from students and other customers	\$ 26,319,810	\$ 29,658,761
Receipts from third-party student loans	14,213,586	11,740,114
Receipts from gifts and others for other than capital purposes	932,355	1,041,306
Other receipts	148,483	129,049
Loans issued to students	(10,801,702)	(12,853,387)
Payments to employees	(29,406,859)	(29,984,644)
Payments to suppliers and students	(28,589,052)	(34,261,809)
Net cash provided by (used in) operating activities	(27,183,379)	(34,530,610)
Cash flows from noncapital financing activities		
Receipts of state appropriations	13,377,479	14,083,862
Receipts from ad valorem property taxes for maintenance and operation	4,716,636	4,203,360
Receipts of grants and contracts	22,913,263	17,359,924
Net cash provided by (used in) noncapital financing activities	41,007,378	35,647,146
Cash flows from capital and related financing activities		
Proceeds from sale of capital asset	500,000	-
Purchases of capital assets	(1,698,311)	(1,002,491)
Payments on capital debt principal	(2,120,358)	(1,825,000)
Payments on capital debt interest	(518,819)	(800,411)
Net cash provided by (used in) capital and related financing activities	(3,837,488)	(3,627,902)
Cash flows from investing activities		
Receipts from interest on investments	235,775	153,530
Net cash provided by (used in) investing activities	235,775	153,530
Net increase (decrease) in cash and cash equivalents	10,222,286	(2,357,836)
Cash and cash equivalents - beginning of year	17,126,857	19,484,693
Cash and cash equivalents - end of year	\$ 27,349,143	\$ 17,126,857
Reconciliation of operating loss to net cash used in operating activities:		
Operating income (loss)	\$ (37,629,338)	\$ (39,957,633)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation expense	2,377,550	2,415,665
On-behalf payments	1,933,157	2,459,041
Receipts from gifts and others for other than capital purposes	932,355	1,041,306
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in receivables, net	2,091,384	1,155,269
(Increase) decrease in prepaid expenses	(22,956)	(1,566,242)
(Increase) decrease in inventories	696,902	967,565
(Increase) decrease in deferred outflows of resources - pension	788,041	(3,917,867)
(Increase) decrease in deferred outflows of resources - OPEB	754,187	(13,112,359)
Increase (decrease) in accounts payable	97,110	(155,756)
Increase (decrease) in funds held for others	120,133	94,402
Increase (decrease) in unearned revenue	(722,457)	(3,782,769)
Increase (decrease) in accrued compensated absences	92,136	(199,560)
Increase (decrease) in accrued claims and judgments	(8,278)	(3,322)
Increase (decrease) in net pension liability	(1,221,156)	4,904,724
Increase (decrease) in net OPEB liability	1,966,885	9,304,727
Increase (decrease) in deferred inflows of resources - pension	1,216,388	(583,596)
Increase (decrease) in deferred inflows of resources - OPEB	(645,422)	6,405,795
Net cash used in operating activities	\$ (27,183,379)	\$ (34,530,610)
Noncash investing, capital and financing activities:		
State appropriations on-behalf payments	\$ 1,933,157	\$ 2,459,041
Forgiveness of loan payable	\$ 75,000	\$ 75,000

Navarro College District
Notes to Financial Statements
August 31, 2020 and 2019

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, 2020 and 2019, the Foundation expended \$328,082 and \$372,601, respectively, directly to the District or to the District on behalf of students for scholarships. Complete financial statements for the Foundation can be obtained from the Foundation office at 3100 W. Collin, Corsicana, Texas 75110.

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

Note 2 - Summary of Significant Accounting Policies

A. Basis of Accounting

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

Navarro College District

Notes to Financial Statements (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Accounting (continued)

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

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

B. Encumbrances

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

C. Tuition Discounting

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

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

Navarro College District

Notes to Financial Statements (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

C. Tuition Discounting (continued)

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

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

D. Cash and Cash Equivalents

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

E. Inventories

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

F. Restricted Cash and Cash Equivalents

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

G. Capital Assets

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

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

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

Navarro College District

Notes to Financial Statements (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

H. Unearned Revenue

Unearned revenue of the District at August 31, 2020 and 2019, consists of the following amounts which have not yet been earned:

	<u>2020</u>	<u>2019</u>
Tuition and fees	\$ 9,233,683	\$ 9,906,561
Auxiliary	2,308,863	2,358,442
Federal grants	<u>4,662,834</u>	<u>-</u>
	<u>\$ 16,205,380</u>	<u>\$ 12,265,003</u>

I. Deferred Inflows of Resources

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

Deferred inflows of resources for pension - 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. The 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 - 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. 83, *Certain Asset Retirement Obligations*. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). It requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement. In addition, this statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation, at least annually, and requires a government to evaluate all relevant factors, at least annually, to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. In cases where governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities, this statement requires disclosure of how those funding and assurance requirements are being met, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-10 pandemic. This is accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for reporting periods beginning after June 15, 2018 and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement Nos. 83, 84, 88, 89, 90, 91, 92, 93, and Implementation Guide Nos. 2017-3, 2018-1, 2019-1, and 2019-2. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87 and Implementation Guide No. 2019-3.

Navarro College District

Notes to Financial Statements (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
Cash - demand deposits	\$ 24,868,248	\$ 14,145,962
Cash - certificates of deposit	2,475,000	2,975,000
Cash - petty cash on hand	<u>5,895</u>	<u>5,895</u>
Total deposits	<u>\$ 27,349,143</u>	<u>\$ 17,126,857</u>

Navarro College District

Notes to Financial Statements (continued)

Note 4 - Deposits and Investments (continued)

Deposits and investments of the Foundation at August 31, 2020 and 2019, consist of the following:

	2020	2019
<u>Deposits</u>		
Cash - demand deposits	\$ 71,642	\$ 214,715
Total deposits	71,642	214,715
<u>Investments</u>		
Cash equivalents	299,790	156,223
Certificates of deposit	894,381	1,166,125
U. S. government securities	46,852	311,500
Corporate bonds	665,556	506,536
Marketable equity securities	2,677,198	2,434,941
Other investments	7,552	10,668
Total investments	4,591,329	4,585,993
Total deposits and investments	\$ 4,662,971	\$ 4,800,708

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

Navarro College District

Notes to Financial Statements (continued)

Note 4 - Deposits and Investments (continued)

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

<u>Description</u>	<u>August 31, 2020</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Available- for-sale- securities	\$ 4,591,329	\$ 4,591,329	\$ -	\$ -
Total	<u>\$ 4,591,329</u>	<u>\$ 4,591,329</u>	<u>\$ -</u>	<u>\$ -</u>

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

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.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a custodial credit risk.

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, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
Tuition and fees	\$ 7,466,849	\$ 7,404,316
Ad valorem property taxes	364,673	324,205
Federal and state grants	679,688	3,972,338
Interest	29,618	30,316
Auxiliary and other	<u>2,168,349</u>	<u>1,863,779</u>
	10,709,177	13,594,954
Less allowance for doubtful accounts	<u>(1,411,516)</u>	<u>(1,411,516)</u>
Accounts receivable, net	<u>\$ 9,297,661</u>	<u>\$ 12,183,438</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, 2020 was as follows:

	Balance September 1, 2019	Additions	Transfers and Retirements	Balance August 31, 2020
Capital assets, not being depreciated:				
Land	\$ 2,899,969	\$ -	\$ -	\$ 2,899,969
Collections	434,339	-	-	434,339
Construction in progress	322,203	89,210	(81,895)	329,518
Total capital assets, not being depreciated	<u>3,656,511</u>	<u>89,210</u>	<u>(81,895)</u>	<u>3,663,826</u>
Capital assets, being depreciated:				
Buildings and building improvements	75,058,204	-	(1,033,485)	74,024,719
Other real estate improvements	8,277,338	232,763	313,919	8,824,020
Total buildings and other real estate improvements	83,335,542	232,763	(719,566)	82,848,739
Library books	1,688,672	3,836	-	1,692,508
Furniture and equipment	9,344,515	1,535,429	77,595	10,957,539
Total capital assets, being depreciated	<u>94,368,729</u>	<u>1,772,028</u>	<u>(641,971)</u>	<u>95,498,786</u>
Less accumulated depreciation:				
Buildings and building improvements	(24,756,794)	(1,272,816)	77,975	(25,951,635)
Other real estate improvements	(4,333,740)	(296,455)	-	(4,630,195)
Total buildings and other real estate improvements	(29,090,534)	(1,569,271)	77,975	(30,581,830)
Library books	(1,369,642)	(27,131)	-	(1,396,773)
Furniture and equipment	(5,934,857)	(781,148)	-	(6,716,005)
Total accumulated depreciation	<u>(36,395,033)</u>	<u>(2,377,550)</u>	<u>77,975</u>	<u>(38,694,608)</u>
Total capital assets, being depreciated (net)	<u>57,973,696</u>	<u>(605,522)</u>	<u>(563,996)</u>	<u>56,804,178</u>
Total capital assets, net	<u>\$ 61,630,207</u>	<u>\$ (516,312)</u>	<u>\$ (645,891)</u>	<u>\$ 60,468,004</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, 2019 was as follows:

	Balance September 1, 2018	Additions	Transfers and Retirements	Balance August 31, 2019
Capital assets, not being depreciated:				
Land	\$ 2,899,970	\$ -	\$ (1)	\$ 2,899,969
Collections	434,339	-	-	434,339
Construction in progress	240,308	81,895	-	322,203
Total capital assets, not being depreciated	<u>3,574,617</u>	<u>81,895</u>	<u>(1)</u>	<u>3,656,511</u>
Capital assets, being depreciated:				
Buildings and building improvements	75,107,321	-	(49,117)	75,058,204
Other real estate improvements	8,156,307	121,031	-	8,277,338
Total buildings and other real estate improvements	83,263,628	121,031	(49,117)	83,335,542
Library books	1,678,574	10,098	-	1,688,672
Furniture and equipment	7,724,904	2,127,641	(508,030)	9,344,515
Total capital assets, being depreciated	<u>92,667,106</u>	<u>2,258,770</u>	<u>(557,147)</u>	<u>94,368,729</u>
Less accumulated depreciation:				
Buildings and building improvements	(23,479,941)	(1,293,946)	17,093	(24,756,794)
Other real estate improvements	(4,043,311)	(290,428)	(1)	(4,333,740)
Total buildings and other real estate improvements	(27,523,252)	(1,584,374)	17,092	(29,090,534)
Library books	(1,335,246)	(34,398)	2	(1,369,642)
Furniture and equipment	(5,601,427)	(796,893)	463,463	(5,934,857)
Total accumulated depreciation	<u>(34,459,925)</u>	<u>(2,415,665)</u>	<u>480,557</u>	<u>(36,395,033)</u>
Total capital assets, being depreciated (net)	<u>58,207,181</u>	<u>(156,895)</u>	<u>(76,590)</u>	<u>57,973,696</u>
Total capital assets, net	<u>\$ 61,781,798</u>	<u>\$ (75,000)</u>	<u>\$ (76,591)</u>	<u>\$ 61,630,207</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, 2020 was as follows:

	Balance September 1, 2019	Additions	Transfers and Retirements	Balance August 31, 2020
Capital assets, not being depreciated:				
Collections	\$ 8,561,917	\$ 21,330	\$ -	\$ 8,583,247
Total capital assets, not being depreciated	<u>8,561,917</u>	<u>21,330</u>	<u>-</u>	<u>8,583,247</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 asstes, being depreciated (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, net	<u>\$ 8,561,917</u>	<u>\$ 21,330</u>	<u>\$ -</u>	<u>\$ 8,583,247</u>

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

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

Navarro College District

Notes to Financial Statements (continued)

Note 7 - Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2020 was as follows:

	Balance September 1, 2019	Additions	Reductions	Balance August 31, 2020	Due Within One Year
Bonds and loan payable:					
Revenue bonds	\$ 16,310,000	\$ -	\$ (1,595,000)	\$ 14,715,000	\$ 1,650,000
Issuance premiums	585,794	-	(66,316)	519,478	-
Loan payable	900,000	-	(75,000)	825,000	-
Total bonds and loan payable	17,795,794	-	(1,736,316)	16,059,478	1,650,000
Capital lease	3,784,979	-	(525,358)	3,259,621	541,054
Other liabilities:					
Net pension liability	11,613,681	867,944	(2,089,100)	10,392,525	-
Net OPEB liability	26,202,062	5,323,920	(3,357,035)	28,168,947	892,798
Compensated absences	2,486,657	308,620	(216,484)	2,578,793	99,305
Claims and judgments	62,196	-	(8,278)	53,918	-
	<u>\$ 61,945,369</u>	<u>\$ 6,500,484</u>	<u>\$ (7,932,571)</u>	<u>\$ 60,513,282</u>	<u>\$ 3,183,157</u>

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

	Balance September 1, 2018	Additions	Reductions	Balance August 31, 2019	Due Within One Year
Bonds and loan payable:					
Revenue bonds	\$ 17,850,000	\$ -	\$ (1,540,000)	\$ 16,310,000	\$ 1,595,000
Issuance premiums	652,111	-	(66,317)	585,794	-
Loan payable	975,000	-	(75,000)	900,000	-
Total bonds and loan payable	19,477,111	-	(1,681,317)	17,795,794	1,595,000
Capital lease	2,855,000	1,441,851	(511,872)	3,784,979	523,235
Other liabilities:					
Net pension liability	6,708,957	5,615,513	(710,789)	11,613,681	-
Net OPEB liability	16,897,335	15,656,615	(6,351,888)	26,202,062	385,428
Compensated absences	2,686,217	166,160	(365,720)	2,486,657	88,051
Claims and judgments	65,518	9,555	(12,877)	62,196	-
	<u>\$ 48,690,138</u>	<u>\$ 22,889,694</u>	<u>\$ (9,634,463)</u>	<u>\$ 61,945,369</u>	<u>\$ 2,591,714</u>

Navarro College District

Notes to Financial Statements (continued)

Note 7 - Long-Term Liabilities (continued)

Revenue bonds at August 31, 2020 and 2019, which were all issued to provide funds for the acquisition and construction of major capital facilities, are comprised of the following individual issues:

	2020	2019
\$3,550,000 series 2006 revenue bonds due in annual installments of \$95,000 to \$245,000 through May 2027; interest at 3.7%	\$ 1,355,000	\$ 1,555,000
\$3,550,000 series 2007 revenue bonds due in annual installments of \$120,000 to \$250,000 through May 2027; interest at 4.08%	1,565,000	1,755,000
\$4,075,000 series 2009 revenue bonds due in annual installments of \$135,000 to \$300,000 through May 2029; interest at 4.56%	2,270,000	2,470,000
\$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%	9,525,000	10,530,000
	\$ 14,715,000	\$ 16,310,000

The District entered into a \$1,500,000 loan agreement with the Corporation for the Economic Development of Midlothian on July 24, 2009, which is forgivable under certain conditions. If these conditions are not met and maintained during a 20-year period, the remaining outstanding loan balance may be demanded and if not paid in full within ten days of the date of such demand will accrue interest at a rate of 4.5% per year. The Corporation for Economic Development of Midlothian agreed to make the 20-year forgivable loan to the District in order to construct a 25,000 sq. ft. classroom/workforce training facility on the Midlothian Navarro College Campus site. During fiscal year 2020, the Economic Development of Midlothian forgave \$75,000 of the loan balance.

Navarro College District

Notes to Financial Statements (continued)

Note 7 - Long-Term Liabilities (continued)

Debt service requirements to amortize revenue bonds payable as of August 31, 2020, are as follows:

For the Year Ended August 31,	Revenue Bonds		Total
	Principal	Interest	
2021	\$ 1,650,000	\$ 590,062	\$ 2,240,062
2022	1,710,000	533,691	2,243,691
2023	1,780,000	453,840	2,233,840
2024	1,850,000	392,989	2,242,989
2025	1,930,000	306,605	2,236,605
2025-2029	5,795,000	447,263	6,242,263
	\$ 14,715,000	\$ 2,724,450	\$ 17,439,450

The District has pledged certain future tuition and fees to repay \$14.7 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 \$18.1 million. Principal and interest paid for the current year and total of pledged tuition and fees were \$2.2 million and \$9.4 million, respectively.

Note 8 - Capital Lease Obligations

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

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

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

Navarro College District

Notes to Financial Statements (continued)

Note 8 - Capital Lease Obligations (continued)

The District leases a building, internet equipment, and telephone equipment under non-cancelable capital lease agreements that expires in August 2029, July 2023, and July 2022, respectively. Amortization of assets held under capital leases is included with depreciation expense. Assets under capital leases at August 31, 2020 consisted of the following:

	Building	Internet Equipment	Telephone Equipment
Capital asset value	\$ 4,651,416	\$ 1,087,950	\$ 366,472
Less: accumulated amortization	(1,220,422)	(235,723)	(190,871)
	\$ 3,430,994	\$ 852,227	\$ 175,601

The future minimum lease obligations and the net present value of future minimum lease payments as of August 31, 2020 are as follows:

Fiscal Year	Building	Internet Equipment	Telephone Equipment	Total
2021	\$ 308,975	\$ 234,000	\$ 97,145	\$ 640,120
2022	312,075	234,000	89,030	635,105
2023	309,875	214,500	-	524,375
2024	312,525	-	-	312,525
2025	319,875	-	-	319,875
2026-2030	1,281,369	-	-	1,281,369
Total minimum lease payments	2,844,694	682,500	186,175	3,713,369
Less amounts representing interest	(419,694)	(28,781)	(5,273)	(453,748)
Present value of minimum capital lease payments	\$ 2,425,000	\$ 653,719	\$ 180,902	\$ 3,259,621

Note 9 - Employees' Retirement Plan

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

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload 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 https://www.trs.texas.gov/TRS%20Documents/cafr_2019.pdf (select About TRS, then Publications, then Financial Reports); or write to TRS at 1000 Red River Street, Austin, TX 78701-2698.

Navarro College District

Notes to Financial Statements (continued)

Note 9 - Employees' Retirement Plan (continued)

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment 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 (A) above.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the State, participating employers and active employees to make the pension fund actuarially sound. Because this action causes the pension fund to be actuarially sound, the Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	Contribution Rates	
	Plan Fiscal Year	
	2019	2020
Member (Employee)	7.7%	7.7%
District (Employer) / Non-Employer Contributing Entity (State)	6.8%	7.5%

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).

Navarro College District

Notes to Financial Statements (continued)

Note 9 - Employees' Retirement Plan (continued)

Contributions (continued)

Contributions for all contributors were as follows:

	<u>Measurement Year (2019)</u>		<u>Fiscal Year (2020)</u>
	Contributions		TRS
	Required and	Pension	Contributions
	Made	Expense	
Member (Employee)	\$ 1,338,984	\$ -	\$ 1,320,466
District (Employer)	699,748	1,587,964	765,730
Non-employer contributing entity (State)	468,737	1,093,613	-

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

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.

Navarro College District

Notes to Financial Statements (continued)

Note 9 - Employees' Retirement Plan (continued)

Actuarial Assumptions. The total pension liability in the August 31, 2018 actuarial valuation rolled forward to August 31, 2019 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018, rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Asset Valuation Method	Market Value
Discount Rate	7.25%
Inflation	2.30%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate*	2.63%*
Salary Increases	3.05% to 9.05%, including inflation
Payroll Growth Rate	3.00%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

* Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

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

Discount Rate. The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Navarro College District

Notes to Financial Statements (continued)

Note 9 - Employees' Retirement Plan (continued)

Discount Rate (continued).

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2019 are summarized below:

Asset Class	FY19 Target Allocation *	New Target Allocation % **	Long-Term Expected Geometric Real Rate of Return***
Global Equity			
U.S.	18.00%	18.00%	6.40%
Non-U.S. Developed	13.00%	13.00%	6.30%
Emerging Markets	9.00%	9.00%	7.30%
Directional Hedge Funds	4.00%	0.00%	0.00%
Private Equity	13.00%	14.00%	8.40%
Stable Value			
U.S. Treasuries****	11.00%	16.00%	3.10%
Stable Value Hedge Funds	4.00%	5.00%	4.50%
Absolute Return (Including Credit Sensitive Investments)	0.00%	0.00%	0.00%
Real Return			
Global Inflation Linked Bonds****	3.00%	0.00%	0.00%
Real Assets	14.00%	15.00%	8.50%
Energy, Natural Resources, and Infrastructure	5.00%	6.00%	7.30%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	8.00%	5.8%/6.5%*****
Asset Allocation Leverage Cash	1.00%	2.00%	2.50%
Asset Allocation Leverage	0.00%	-6.00%	2.70%
Total	100.00%	100%	7.23%

*FY2019 Target Allocation based on the Strategic Asset Allocation dated 10/1/2018

**New target allocation based on the Strategic Asset Allocation dated 10/1/2019

***10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%

****New Target Allocation groups Government Bonds within stable value allocation. This includes global sovereign nominal and inflation-linked bonds

*****5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

Source: Teacher Retirement System of Texas 2019 Comprehensive Annual Financial Report

Navarro College District

Notes to Financial Statements (continued)

Note 9 - Employees' Retirement Plan (continued)

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2019 net pension liability.

	1% Decrease <u>6.25%</u>	Current Discount Rate <u>7.25%</u>	1% Increase <u>8.25%</u>
District's proportional share of the net pension liability	\$15,974,820	\$10,392,525	\$5,869,788

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

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

At August 31, 2020, the District reported a liability of \$10,392,525 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	0.0199212%
District's proportional share of the net pension liability	\$ 10,392,525
State's proportionate share of the net pension liability associated with the District	<u>6,961,880</u>
Total	<u>\$ 17,354,405</u>

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

District's proportion of the net pension liability	0.0210995%
District's proportional share of the net pension liability	\$ 11,613,681
State's proportionate share of the net pension liability associated with the District	<u>7,402,944</u>
Total	<u>\$ 19,016,625</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 net pension liability was measured as of August 31, 2019 and 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the periods September 1, 2018 thru August 31, 2019 and September 1, 2017 thru August 31, 2018, respectively.

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.0199212% which was a decrease from its proportion measured as of August 31, 2018 of 0.0210995%.

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

Changes since the Prior Actuarial Valuation

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

- The total pension liability as of August 31, 2019 was developed using a roll-forward method from the August 31, 2018 valuation.
- The single discount rate as of August 31, 2018, was a blended rate of 6.907%, and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 86th Texas Legislature, 2019, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

For the fiscal year ended August 31, 2020, the District recognized pension expense of \$1,587,964 as well as on-behalf revenue and pension expense of \$1,093,613 representing pension expense incurred by the State on behalf of the District.

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

Navarro College District

Notes to Financial Statements (continued)

Note 9 - Employees' Retirement Plan (continued)

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

At August 31, 2020, the District reported its proportionate share of the TRS' deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,654	\$ 360,845
Changes of assumptions	3,224,272	1,332,422
Difference between projected and actual earnings on pension plan investments	104,353	-
Changes in proportion and differences between District contributions and proportionate share of contributions	25,985	825,118
District contributions subsequent to the measurement date	765,730	-
Total	\$ 4,163,994	\$ 2,518,385

The \$765,730 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, 2021.

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:

Year ended August 31,	Amount
2021	\$ 55,900
2022	(30,756)
2023	415,698
2024	449,855
2025	108,782
Thereafter	(119,600)
	\$ 879,879

Navarro College District

Notes to Financial Statements (continued)

Note 9 - Employees' Retirement Plan (continued)

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

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

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

The \$660,787 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2020.

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:

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

Navarro College District

Notes to Financial Statements (continued)

Note 9 - Employees' Retirement Plan (continued)

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

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

Contribution rates as a percentage of compensation and contributions made for ORP for 2020, 2019, and 2018 are shown in the table below.

Year	Employee		District/State		District	
	Rate	Amount	Rate	Amount	Rate	Amount
2020	6.65%	\$ 200,100	6.6%	\$ 198,595	1.9%	\$ 13,408
2019	6.65%	\$ 222,321	6.6%	\$ 220,650	1.9%	\$ 17,440
2018	6.65%	271,134	6.6%	269,096	1.9%	24,388

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 \$23,902,997 and \$25,003,202 for the years ended August 31, 2020 and 2019, respectively. The total payroll of employees covered by TRS was \$17,331,819 and \$17,389,423, and the total payroll of employees covered by ORP was \$3,009,021 and \$3,343,169 for the years ended August 31, 2020 and 2019, respectively.

Note 10 - Compensated Absences

Full-time employees earn vacation at a rate of 6.67 hours per month for the first five years of employment, then at a rate of 10.00 hours per month thereafter. The District's policy is that any employee may carry accrued vacation forward from one fiscal year to another fiscal year with a maximum number of paid hours upon termination of 160. The District recognized an accrued liability for the unpaid vacation of \$588,800 and \$519,247 at August 31, 2020 and 2019, respectively. Sick leave, which can be accumulated up to 480 hours, is earned at the rate of 8 hours per month. Unused sick leave will be compensated at termination of employment based upon the following years of service to the District:

Navarro College District

Notes to Financial Statements (continued)

Note 10 - Compensated Absences (continued)

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

The District recognized an accrued liability for the unpaid sick leave of \$1,974,902 and \$1,951,111 at August 31, 2020 and 2019, respectively. The District recognized an accrued liability for unpaid compensatory time of \$15,092 and \$16,299 at August 31, 2020 and 2019, respectively.

Note 11 - Risk Management

Workers' Compensation Aggregate Deductible

During the year ended August 31, 2020, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

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

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year-ended August 31, 2020, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

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, 2019, 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, 2020, the District participated in the following TASB Risk Management Fund (the Fund) programs: Auto Liability, Auto Physical Damage, Legal Liability, and Property.

Navarro College District

Notes to Financial Statements (continued)

Note 11 - Risk Management – (continued)

Auto, Liability, and Property Programs (continued)

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, 2020, 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, 2019, 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, 2020, 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, 2020, 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, 2019, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

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.

Navarro College District

Notes to Financial Statements (continued)

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

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-https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management/2019-CAFR.pdf>; 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.

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

Employer Contribution Rates Retiree Health and Basic Life Premium Plan Years 2019 and 2018

	<u>2019</u>	<u>2018</u>
Retiree Only	\$ 624.82	\$ 621.90
Retiree & Spouse	982.82	1,334.54
Retiree & Children	864.52	1,099.06
Retiree & Family	1,222.52	1,811.70

Navarro College District

Notes to Financial Statements (continued)

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

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

**Premium Contributions by Source
Group Benefits Program Plan
For the Plan Years Ended August 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Employers	\$ 327,051	\$ 286,100
Members (Employees)	16,449	179,577
Nonemployer Contributing Entity (State of Texas)	171,019	1,717,380

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2019 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, 2019
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Not applicable
Actuarial Assumptions:	
Discount Rate	2.97%
Projected Annual Salary Increase	2.50% to 9.50%, including inflation
Annual Healthcare Trend Rate	7.30% for FY 2021, 7.40% for FY 2022, 7.00% for FY 2023, decreasing 50 basis points per year to an ultimate rate of 4.50% for FY 2028 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 (continued)

Actuarial Assumptions ERS Group Benefits Program Plan

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

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

Changes to Actuarial Assumptions since prior Actuarial Valuation

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:

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the Health Select Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future male retirees assumed to be married and electing coverage for their spouse.
- The percentage of future retirees and future retiree spouses assumed to use tobacco have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was decreased from 3.96% as of August 31, 2018 to 2.97% as of August 31, 2019 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Navarro College District

Notes to Financial Statements (continued)

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

Changes to Actuarial Assumptions since prior Actuarial Valuation (continued)

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

- The valuation reflects the benefit change that will become effective January 1, 2020. The change to HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from \$6,650 to \$6,750 for individuals and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue maximums.

These benefit changes have been reflected in the fiscal year 2019 assumed per capita health benefit costs.

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

Discount Rate. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 3.96%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.97%, which amounted to a decrease of 0.99%. 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 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.

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 (2.97%) in measuring the 2019 net OPEB Liability.

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

	1% Decrease	Current Discount Rate	1% Increase
Rate	1.97%	2.97%	3.97%
District's proportionate share of the net OPEB liability	\$ 33,614,314	\$ 28,168,947	\$ 23,978,933

Navarro College District

Notes to Financial Statements (continued)

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

Discount Rate Sensitivity Analysis (continued).

The following schedule shows the impact on the District's proportionate share of the collective net OPEB liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (3.96%) in measuring the 2018 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	2.96%	3.96%	4.96%
District's proportionate share of the net OPEB liability	\$ 31,107,947	\$ 26,202,062	\$ 22,488,863

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 7.3% and the ultimate rate is 4.5%. The following schedule shows the impact on the District's proportionate share of the collective 2019 net OPEB liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (7.3%) in measuring the 2019 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	6.3%	7.3%	8.3%
	decreasing to 3.5%	decreasing to 4.5%	decreasing to 5.5%
District's proportionate share of the net OPEB liability	\$ 23,653,215	\$ 28,168,947	\$ 34,069,973

Navarro College District

Notes to Financial Statements (continued)

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

Healthcare Trend Rate Sensitivity Analysis (continued).

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

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

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2020, the District reported a liability of \$28,168,947 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	0.08150106%
District's proportionate share of the collective net OPEB liability	\$ 28,168,947
State's proportionate share that is associated with the District	<u>20,891,014</u>
	<u>\$ 49,059,961</u>

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

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

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, 2019, 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, 2018, thru August 31, 2019.

At the measurement date of August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.08150106%, which was a decrease of 0.00690669% from its proportion measured as of August 31, 2018.

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

For the year ended August 31, 2020, the District recognized OPEB expense of \$2,402,909 and an additional expense of \$23,668 representing OPEB expense incurred by the State on behalf of the District.

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

At August 31, 2020, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 732,981
Changes of assumptions	2,004,633	6,294,692
Difference between projected and actual earnings on OPEB plan investments	11,581	-
Changes in proportion and differences between District contributions and proportionate share of contributions	10,510,601	2,468,782
District contributions subsequent to the measurement date	326,053	-
Total	\$ 12,852,868	\$ 9,496,455

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 \$326,053 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, 2021. 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:

Year ended	
August 31,	Amount
2021	\$ 426,288
2022	426,288
2023	1,198,653
2024	1,037,301
2025	(58,168)
Thereafter	-
	<u>\$ 3,030,362</u>

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

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

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 \$164,135 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2020. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

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 \$1,033,920 and \$1,003,533 in 2020 and 2019, respectively. Participant contributions were \$646,600 and \$627,207 in 2020 and 2019, 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:

	<u>2020</u>	<u>2019</u>
Assessed valuation of the District	\$ 4,648,925,793	\$ 4,042,719,795
Less: Abatements	57,030,405	29,155,403
Less: Exemptions	<u>575,696,700</u>	<u>569,236,777</u>
Net assessed valuation of the District	<u>\$ 4,016,198,688</u>	<u>\$ 3,444,327,615</u>

Navarro College District

Notes to Financial Statements (continued)

Note 14 - Ad Valorem Property Taxes (continued)

Tax rates authorized and assessed during fiscal year 2020 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	0.116400	0.000000	0.116400

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

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

Taxes levied for the year ended August 31, 2020 are \$4,653,533. 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, 2020 are as follows:

	Current Operations	Debt Service	Total
Current taxes collected	\$ 4,510,539	\$ -	\$ 4,510,539
Delinquent taxes collected	107,056	-	107,056
Penalties and interest collected	73,068	-	73,068
Total collections	\$ 4,690,663	\$ -	\$ 4,690,663

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

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

Current tax collections for the years ended August 31, 2020 and 2019 were 96.93% and 97.14%, respectively, of the current tax levy. An allowance for uncollectible taxes is based upon the historical experience in collecting property taxes.

Navarro College District

Notes to Financial Statements (continued)

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 2020 or 2019.

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

Note 17 - Contingencies

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

Note 18 - Grants and Contracts

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

Note 19 - Business Concentrations

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

Note 20 - Transactions with Component Unit

The Foundation made contributions to the District in the amount of \$990,575 in fiscal year 2020, including scholarships of \$328,082, and \$662,493 in support of various other activities at the District. The Foundation made contributions to the District in the amount of \$524,283 in fiscal year 2019, including scholarships of \$372,601, and \$151,682 in support of various other activities at the District.

Navarro College District

Notes to Financial Statements (continued)

Note 21 - Authoritative Pronouncements Not Yet Adopted

GASB Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. Separate criteria are included to identify fiduciary component units and post GASB Statement No. 87, *Leases*. This statement was issued for implementation in fiscal year 2021.

GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, as lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Implementation of this Statement for community colleges was originally planned for fiscal year 2021 but is now postponed to fiscal year 2022 as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations. Implementation of this Statement for community colleges was originally planned for fiscal year 2020 but is now postponed to fiscal year 2021 as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

GASB Statement No. 91, *Current Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. Implementation of this Statement for community colleges was originally planned for fiscal year 2022 but is now postponed to fiscal year 2023 as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

Navarro College District

Notes to Financial Statements (continued)

Note 21 - Authoritative Pronouncements Not Yet Adopted (continued)

GASB Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics and includes the following: Statement No. 87, Statement No. 73, Statement No. 74, Statement No. 84, and other topics. The application of this statement is expected to provide more comparable reporting and improve the usefulness for financial statement users. Implementation of some requirements of this Statement for community colleges is planned for fiscal year 2020 and others are postponed to fiscal year 2022 as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*. The objective of this statement is to address accounting and financial reporting implications resulting from global reference rate reform. Government agreements in which variable payments made or received depend on IBOR, most notably the London Interbank Offered Rate (LIBOR), will be affected, as LIBOR will cease to exist at the end of 2021. Rate provisions in Statements 53 and 87 will also be affected. Implementation of this Statement for community colleges was originally planned for fiscal year 2021 but is now postponed to fiscal year 2022 as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*. The objective of this statement is to improve financial reporting related to PPPs and APAs by establishing the definitions of these arrangements and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This statement will enhance the decision usefulness of financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PP transactions. Implementation of this Statement for community colleges is planned for fiscal year 2023.

GASB Statement No. 94, *Subscriptions-Based Information Technology Arrangements (SBITA)*. The objective of this statement is to (1) define a SBITA; (2) establish SBITA results in a right-to-use subscription (intangible) asset and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments; and (4) require note disclosures regarding a SBITA. The statement provides an exception for short-term SBITAs with a maximum contract term of 12 months. Subscription payments for short-term SBITAs should be recognized as outflows of resources. Implementation of this Statement for community colleges is planned for fiscal year 2023.

GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment to GASB Statement No. 14 and 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this statement are the following: (1) increase consistency and comparability in the reporting of fiduciary component units where the potential component unit does not have a governing board and the primary government performs those duties; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and other employee benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of reporting defined contribution plans, defined contribution OPEB plans, or other employee benefit plans that are administered through trusts are effective immediately. Implementation for the requirements related to reporting on fiduciary component units and 457 plans are planned for implementation by community college in fiscal year 2022.

Navarro College District

Notes to Financial Statements (continued)

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.

The amount of ad valorem taxes abated for the year ended August 31, 2020 is \$63,148 in total for the following companies:

<u>Company</u>	<u>Assessed Valuation</u>	<u>Abatement</u>	<u>Property Tax Abated</u>
Guardian Industries Corp	\$ 5,213,110	\$ 1,975,210	\$ 2,187
Pactiv LLC	69,436,510	49,040,885	54,302
Russel Stover Candies Inc.	3,218,410	1,317,940	1,459
PolyGuard	9,392,740	4,696,370	5,200
Total	<u>\$ 87,260,770</u>	<u>\$ 57,030,405</u>	<u>\$ 63,148</u>

The amount of ad valorem taxes abated for the year ended August 31, 2019 is \$35,512 in total for the following companies:

<u>Company</u>	<u>Assessed Valuation</u>	<u>Abatement</u>	<u>Property Tax Abated</u>
Guardian Industries Corp	\$ 5,182,520	\$ 1,959,910	\$ 2,387
M Squared Oncology	1,747,200	869,118	1,059
Muncaster	746,540	111,980	136
Pactiv LLC	40,475,590	19,840,395	24,166
Russel Stover Candies Inc.	11,309,900	5,654,950	6,888
PolyGuard	2,020,650	719,050	876
Total	<u>\$ 61,482,400</u>	<u>\$ 29,155,403</u>	<u>\$ 35,512</u>

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

Note 23 - Subsequent Events

The District has evaluated subsequent events from the date of the statements of net position through December 17, 2020, 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 Six Measurement Years Ended August 31st

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0199212%	0.0210995%	0.0209821%	0.0214610%	0.0224276%	0.0251149%
District's proportionate share of the net pension liability	\$ 10,392,525	\$ 11,613,681	\$ 6,708,957	\$ 8,109,789	\$ 7,927,858	\$ 6,708,538
State's proportionate share of the net pension liability associated with the District	<u>6,961,880</u>	<u>7,402,944</u>	<u>4,324,880</u>	<u>5,590,154</u>	<u>5,440,480</u>	<u>4,924,826</u>
Total	<u>\$ 17,354,405</u>	<u>\$ 19,016,625</u>	<u>\$ 11,033,837</u>	<u>\$ 13,699,943</u>	<u>\$ 13,368,338</u>	<u>\$ 11,633,364</u>
District's covered payroll (for Measurement Year)	\$ 17,389,423	\$ 16,665,963	\$ 16,064,631	\$ 16,685,062	\$ 16,418,480	\$ 16,125,155
District's proportionate share of the net pension liability as a percentage of it's covered payroll	59.8%	69.7%	41.8%	48.6%	48.3%	41.6%
Plan fiduciary net position as a percentage of the total pension liability*	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered-employee payroll*	114.93%	126.11%	75.93%	92.75%	91.94%	72.89%

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

* Per TRS' CAFR

Navarro College District
Schedule of District Contributions
Teachers Retirement System of Texas
For the Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 765,730	\$ 660,787	\$ 630,439	\$ 687,672	\$ 681,870
Contributions in relation to the contractual required contributions	<u>765,730</u>	<u>660,787</u>	<u>630,439</u>	<u>687,672</u>	<u>681,870</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 17,331,819	\$ 17,389,423	\$ 16,665,963	\$ 16,064,631	\$ 16,685,062
Contributions as a percentage of covered payroll	4.42%	3.80%	3.78%	4.28%	4.09%
	<u>2015</u>	<u>2014</u>			
Contractually required contributions	\$ 656,368	\$ 636,733			
Contributions in relation to the contractual required contributions	<u>656,368</u>	<u>636,733</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
District's covered payroll	\$ 16,418,480	\$ 16,125,155			
Contributions as a percentage of covered payroll	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, 2020

Notes to Required Supplementary Information - Pension

Changes of Assumptions

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

- The total pension liability as of August 31, 2019 was developed using a roll-forward method from the August 31, 2018 valuation.
- The single discount rate as of August 31, 2018, was a blended rate of 6.907%, and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 86th Texas Legislature, 2019, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

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 Three Measurement Years Ended August 31st

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.08150106%	0.08840775%	0.04959155%
District's proportionate share of the net OPEB liability	\$ 28,168,947	\$ 26,202,062	\$ 16,897,335
State's proportionate share of the net OPEB liability associated with the District	<u>20,891,014</u>	<u>17,521,512</u>	<u>13,828,416</u>
Total	<u>\$ 49,059,961</u>	<u>\$ 43,723,574</u>	<u>\$ 30,725,751</u>
District's covered employee payroll (for Measurement Year)	\$ 19,470,653	\$ 19,818,994	\$ 19,360,250
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	144.7%	132.2%	87.3%
Plan fiduciary net position as a percentage of the total OPEB liability*	0.17%	1.27%	2.04%

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

Navarro College District

Schedule of District Contributions

Employee Retirement System of Texas - State Retiree Health Plan

For the Last Four Fiscal Years Ended August 31st

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 326,053	\$ 164,435	\$ 489,694	\$ 466,638
Contributions in relation to the contractual required contributions	<u>326,053</u>	<u>164,435</u>	<u>489,694</u>	<u>466,638</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 19,689,855	\$ 19,470,653	\$ 19,818,994	\$ 19,360,250
Contributions as a percentage of covered payroll	1.66%	0.84%	2.47%	2.41%

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

Navarro College District

Notes to Required Supplementary Information - OPEB

Year Ended August 31, 2020

Changes in Actuarial Assumptions

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:

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future male retirees assumed to be married and electing coverage for their spouse.
- The percentage of future retirees and future retiree spouses assumed to use tobacco have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was increased from 3.96% as of August 31, 2018 to 2.97% as of August 31, 2019 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Changes in Benefit Terms

The following benefit revisions have been adopted since the prior valuation:

- The valuation reflects the benefit change that will become effective January 1, 2020. The change to HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect (CDHP) from \$6,650 to \$6,750 for individuals and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue maximums.

These benefit changes have been reflected in the fiscal year 2019 assumed per capita health benefit costs.

Navarro College District

Notes to Required Supplementary Information – OPEB (continued)

Year Ended August 31, 2020

Changes in Demographic Assumptions

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

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

Changes in Economic Assumptions

Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effect on our short-term expectations.

The discount rate was changed from 3.96% to 2.97% 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 in effect on the measurement date.

Minor benefit changes have been reflected in the FY 2020 Assumed Per Capita Health Benefits Costs.

SUPPLEMENTARY INFORMATION

Navarro College District
Schedule of Operating Revenues
(Schedule A)
Year Ended August 31, 2020
(With Totals for the Year Ended August 31, 2019)

	Unrestricted	Restricted	Total		Total	
			Educational Activities	Auxiliary Enterprises	2020	2019
Tuition and fees:						
State funded credit courses:						
In-district resident tuition	\$ 1,050,059	\$ -	\$ 1,050,059	\$ -	\$ 1,050,059	\$ 1,037,292
Out-of-district resident tuition	5,571,510	-	5,571,510	-	5,571,510	5,740,508
Non-resident tuition	435,908	-	435,908	-	435,908	340,005
TPEG - credit (set aside)	404,094	-	404,094	-	404,094	418,267
State funded continuing education	435,222	-	435,222	-	435,222	555,394
TPEG - non-credit (set aside)	23,229	-	23,229	-	23,229	42,312
Non-state funded educational programs	2,991	-	2,991	-	2,991	26,045
Total tuition	7,923,013	-	7,923,013	-	7,923,013	8,159,823
Fees:						
Building use fees	4,098,329	-	4,098,329	-	4,098,329	4,082,169
Student services fees	2,685,628	-	2,685,628	-	2,685,628	2,239,903
Laboratory fees	282,848	-	282,848	-	282,848	305,091
Out-of-district fees	5,189,721	-	5,189,721	-	5,189,721	5,300,687
Other fees	429,172	-	429,172	-	429,172	470,870
Total fees	12,685,698	-	12,685,698	-	12,685,698	12,398,720
Scholarship allowances and discounts:						
Scholarship allowance	(5,124,721)	-	(5,124,721)	-	(5,124,721)	(5,477,548)
TPEG awards	(626,943)	-	(626,943)	-	(626,943)	(276,276)
Total scholarship allowances	(5,751,664)	-	(5,751,664)	-	(5,751,664)	(5,753,824)
Total net tuition and fees	14,857,047	-	14,857,047	-	14,857,047	14,804,719
Additional operating revenues:						
Sales and services of educational activities	651,534	-	651,534	-	651,534	540,312
Other operating revenues	148,483	-	148,483	-	148,483	170,263
Total additional operating revenues	800,017	-	800,017	-	800,017	710,575
Auxiliary enterprises:						
Bookstore	-	-	-	3,014,032	3,014,032	3,469,940
less discounts	-	-	-	(1,132,173)	(1,132,173)	(1,132,598)
Dining services	-	-	-	2,207,282	2,207,282	2,417,528
less discounts	-	-	-	(690,279)	(690,279)	(690,538)
Housing	-	-	-	2,323,943	2,323,943	2,244,296
less discounts	-	-	-	(642,547)	(642,547)	(642,788)
Athletic sales and student programs	-	-	-	14,847	14,847	10,509
Gift shop	-	-	-	2,687	2,687	5,172
Other auxiliary enterprises	-	-	-	46,541	46,541	19,865
Total net auxiliary enterprises	-	-	-	5,144,333	5,144,333	5,701,386
Total operating revenues	\$ 15,657,064	\$ -	\$ 15,657,064	\$ 5,144,333	\$ 20,801,397	\$ 21,216,680

In accordance with Education Code 56.033, \$427,323 and \$460,579 of tuition was set aside for Texas Public Education Grants (TPEG) for the years ended August 31, 2020 and 2019 respectively.

See accompanying independent auditors' report.

Navarro College District
Schedule of Operating Expenses by Object
(Schedule B)
Year Ended August 31, 2020
(With Totals for the Year Ended August 31, 2019)

	Operating Expenses			Total		
	Salaries and Wages	Benefits		Other Expenses	2020	2019
		State	Local			
Unrestricted - educational activities:						
Instruction	\$ 11,722,775	\$ -	\$ 4,495,571	\$ 992,402	\$ 17,210,748	\$18,118,837
Public service	-	-	-	30	30	30,717
Academic support	1,856,205	-	795,802	252,123	2,904,130	3,032,651
Student services	2,670,155	-	918,881	490,028	4,079,064	4,111,687
Institutional support	3,812,756	-	1,326,416	2,199,303	7,338,475	6,967,417
Operation and maintenance of plant	872,552	-	286,248	2,428,522	3,587,322	4,036,940
Total unrestricted educational activities	<u>20,934,443</u>	<u>-</u>	<u>7,822,918</u>	<u>6,362,408</u>	<u>35,119,769</u>	<u>36,298,249</u>
Restricted - educational activities:						
Instruction	562,654	1,012,445	134,174	468,224	2,177,497	2,343,207
Public service	227,004	-	80,786	1,054,188	1,361,978	315,800
Academic support	-	160,312	-	-	160,312	165,547
Student services	343,334	230,610	88,486	128,940	791,370	789,227
Institutional support	-	329,291	-	32,338	361,629	357,379
Operation and maintenance of plant	-	75,358	-	-	75,358	71,535
Scholarships and fellowships	-	-	-	7,120,406	7,120,406	7,874,880
Total restricted educational activities	<u>1,132,992</u>	<u>1,808,016</u>	<u>303,446</u>	<u>8,804,096</u>	<u>12,048,550</u>	<u>11,917,575</u>
Total educational activities	<u>22,067,435</u>	<u>1,808,016</u>	<u>8,126,364</u>	<u>15,166,504</u>	<u>47,168,319</u>	<u>48,215,824</u>
Auxiliary enterprises	<u>1,835,562</u>	<u>-</u>	<u>445,420</u>	<u>6,603,884</u>	<u>8,884,866</u>	<u>10,542,824</u>
Depreciation expense:						
Buildings and other improvements	-	-	-	1,569,271	1,569,271	1,584,375
Equipment and furniture	-	-	-	781,148	781,148	796,893
Library books	-	-	-	27,131	27,131	34,397
Total depreciation expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,377,550</u>	<u>2,377,550</u>	<u>2,415,665</u>
Total operating expenses	<u>\$ 23,902,997</u>	<u>\$ 1,808,016</u>	<u>\$ 8,571,784</u>	<u>\$ 24,147,938</u>	<u>\$ 58,430,735</u>	<u>\$ 61,174,313</u>

See accompanying independent auditors' report.

Navarro College District

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

**Year Ended August 31, 2020
(With Totals for the Year Ended August 31, 2019)**

	Unrestricted	Restricted	Auxiliary Enterprises	Total	
				2020	2019
Nonoperating revenues:					
State appropriations:					
Education and general state support	\$ 13,377,479	\$ -	\$ -	\$ 13,377,479	\$ 14,083,862
State group insurance	-	1,808,016	-	1,808,016	1,829,253
State retirement matching	-	125,141	-	125,141	728,278
Total state appropriations	13,377,479	1,933,157	-	15,310,636	16,641,393
Maintenance ad valorem taxes	4,757,104	-	-	4,757,104	4,225,699
Federal grants and contracts	-	15,883,929	-	15,883,929	15,439,330
State grants and contracts	-	847,085	-	847,085	1,234,927
Local grants and contracts	-	685,252	-	685,252	243,494
Investment income	215,289	15,567	4,221	235,077	153,046
Gifts and donations	-	1,008,001	-	1,008,001	1,041,306
Other nonoperating revenues	140,945	-	-	140,945	488,128
Total nonoperating revenues	18,490,817	20,372,991	4,221	38,868,029	39,467,323
Nonoperating expenses:					
Interest on capital related debt	744,800	-	-	744,800	795,413
Other nonoperating expenses	141,591	-	-	141,591	55,466
Total nonoperating expenses	886,391	-	-	886,391	850,879
Net nonoperating revenues	\$ 17,604,426	\$ 20,372,991	\$ 4,221	\$ 37,981,638	\$ 38,616,444

See accompanying independent auditors' report.

Navarro College District

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

Year Ended August 31, 2020

	Detail by Source				Available for Current Operation	
	Unrestricted	Restricted - Expendable	Net Investment in		Yes	No
			Capital Assets	Total		
Current:						
Unrestricted	\$ (19,232,188)	\$ -	\$ -	\$ (19,232,188)	\$ (19,232,188)	\$ -
Auxiliary	3,051,788	-	-	3,051,788	3,051,788	-
Scholarships and fellowships	-	1,840,095	-	1,840,095	-	1,840,095
Plant:						
Debt service	-	448,985	-	448,985	-	448,985
Investment in plant	-	-	41,768,930	41,768,930	-	41,768,930
Total net position, August 31, 2020	(16,180,400)	2,289,080	41,768,930	27,877,610	(16,180,400)	44,058,010
Total net position, August 31, 2019	(15,703,625)	2,482,390	40,746,545	27,525,310	(15,703,625)	43,228,935
Net increase (decrease) in net position	\$ (476,775)	\$ (193,310)	\$ 1,022,385	\$ 352,300	\$ (476,775)	\$ 829,075

See accompanying independent auditors' report.

Navarro College District

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

Year Ended August 31, 2020

Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor Number	Federal Expenditures
U.S. Department of Education			
Direct Programs:			
<i>TRIO - Student Support Services</i>	84.042A	PO42A150283-19A	\$ 450,643
<i>Federal Supplemental Education Opportunity Grant Program</i>	84.007		213,775
<i>Federal Work Study Program</i>	84.033		180,287
<i>Federal Pell Grant Program</i>	84.063		12,373,924
<i>Federal Direct Student Loans</i>	84.268		10,801,702
Student Financial Assistance Cluster (84.007, 84.033, 84.063, 84.268)			<u>23,569,688</u>
<i>COVID-19 Student Emergency Fund</i>	84.425E	P425E201049	393,132
<i>COVID-19 Higher Education Emergency Relief Fund-IHE/Institutional Portion</i>	84.425F	P425F202768	786,488
Total CFDA # 84.425			<u>1,179,620</u>
Pass Through From Texas Workforce Commission:			
<i>Adult Education and Literacy Workforce Integration- State Grant Program (05/15/20 to June 30, 2021)</i>	84.002A	0420AEL002	1,912
<i>Adult Education & Family Literacy Act (AEFLA) - Fed Year 2</i>	84.002A	0418ALAB01	771,392
<i>Adult Education & Family Literacy Act (AEFLA) - Fed Year 1</i>	84.002A	0418ALA001	47,180
<i>Adult Education & Family Literacy Act (AEFLA) - EL Civics Y2</i>	84.002A	0418ALAB01	15,915
<i>Adult Education & Family Literacy Act (AEFLA) - EL Civics Y1</i>	84.002A	0418ALA001	5,521
<i>Adult Education & Family Literacy Act (AEFLA) - Professional Development Y2</i>	84.002A	0418ALAB01	5,316
<i>Adult Education & Family Literacy Act (AEFLA) - Professional Development Y1</i>	84.002A	0418ALA001	6,576
Total CFDA # 84.002			<u>853,812</u>
Pass Through From Texas Higher Education Coordinating Board:			
<i>Vocational Education - Carl Perkins</i>	84.048A	204251	425,613
Total U. S. Department of Education			<u>26,479,376</u>
U. S. Small Business Administration			
Pass Through From Dallas County Community College District:			
<i>Small Business Development Center 2019</i>	59.037	SBAHQ-19-B-0021	33,368
<i>Small Business Development Center 2020</i>	59.037	SBAHQ-20-B-0014	141,104
<i>Small Business Development Center CARES Act</i>	59.037	SBAHQ-20-C-0059	21,391
Total CFDA # 59.037			<u>195,863</u>
Total U. S. Small Business Administration			<u>195,863</u>

Navarro College District

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

Year Ended August 31, 2020

<u>Grantor/Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Federal Expenditures</u>
U. S. Department of Health and Human Services			
Pass Through From Texas Workforce Commission:			
<i>Temporary Assistance for Needy Families Y1</i>	93.558	0418ALA001	<u>10,392</u>
Total U.S. Department of Health and Human Services			<u>10,392</u>
Total Federal Awards			<u>\$ 26,685,631</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, 2020

Note 1 - Federal Revenue Reconciliation

Federal revenues for the year ended August 31, 2020 are reported in the basic financial statements as follows:

Federal grants and contracts per Schedule C	\$ 15,883,929
Add: Federal Direct Student Loans made	<u>10,801,702</u>
Total per Schedule of Expenditures of Federal Awards	<u>\$ 26,685,631</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, 2020. 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, 2020

Grantor/Pass-Through Grantor/ Program Title	Grant Contract Number	Indirect Costs and Expenditures
Texas Higher Education Coordinating Board		
Direct Programs:		
<i>Texas Education Opportunity Grant</i>		\$ 662,415
<i>Texas Tomorrow Fund</i>		65,211
<i>Texas Promise Fund</i>		<u>2,010</u>
Total Texas Higher Education Coordinating Board		<u>729,636</u>
 Texas Workforce Commission		
Direct Programs:		
<i>Skills Development - Mfg Consortium-Owens</i>	0420COS001	<u>5,003</u>
Total Texas Workforce Commission		<u>5,003</u>
 Small Business Administration		
Pass Through From Dallas County Community College District:		
<i>Small Business Development Center</i>	SBAHQ-20-B-0014	107,841
<i>Small Business Development Center</i>	SBAHQ-19-B-0021	<u>4,605</u>
Total Small Business Administration		<u>112,446</u>
 Total State Awards		 <u>\$ 847,085</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, 2020

Note 1 - State Revenue Reconciliation

State revenues for the year ended August 31, 2020 are reported in the basic financial statements as follows:

State grants and contracts per Schedule C	<u>\$ 847,085</u>
Total per Schedule of Expenditures of State Awards	<u>\$ 847,085</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, 2020. 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,			
	2020	2019	2018	2017 (3)
Net investment in capital assets	\$ 41,768,930	\$ 40,746,545	\$ 40,339,844	\$ 39,660,444
Restricted	2,289,080	2,482,390	2,373,273	2,132,341
Unrestricted	<u>(16,180,400)</u>	<u>(15,703,625)</u>	<u>(13,846,618)</u>	<u>(13,825,426)</u>
Total net position	<u>\$ 27,877,610</u>	<u>\$ 27,525,310</u>	<u>\$ 28,866,499</u>	<u>\$ 27,967,359</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>2016</u>	<u>2015</u>	<u>2014 (2)</u>	<u>2013 (1)</u>	<u>2012 (1)</u>	<u>2011 (1)</u>
\$ 38,280,836	\$ 37,553,998	\$ 35,321,947	\$ 32,024,197	\$ 26,918,301	\$ 25,643,850
2,295,108	2,447,086	2,372,830	2,901,585	2,963,556	3,018,291
<u>4,384,898</u>	<u>4,623,822</u>	<u>2,542,212</u>	<u>13,317,142</u>	<u>14,460,428</u>	<u>11,114,303</u>
<u>\$ 44,960,842</u>	<u>\$ 44,624,906</u>	<u>\$ 40,236,989</u>	<u>\$ 48,242,924</u>	<u>\$ 44,342,285</u>	<u>\$ 39,776,444</u>

Navarro College District

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

	For the Year Ended August 31,			
	2020	2019	2018	2017
Tuition and fees (net of discounts)	\$ 14,857,047	\$ 14,804,719	\$ 15,201,312	\$ 16,982,906
Sales and services of educational activities	651,534	540,312	552,267	492,709
Auxiliary enterprises (net of discounts)	5,144,333	5,701,386	6,073,701	7,024,329
Other operating revenues	148,483	170,263	267,904	217,531
Total operating revenues	<u>20,801,397</u>	<u>21,216,680</u>	<u>22,095,184</u>	<u>24,717,475</u>
State appropriations	15,310,636	16,641,393	17,091,034	17,690,587
Ad valorem taxes for maintenance and operations	4,757,104	4,225,699	3,980,582	3,645,253
Federal grants and contracts	15,883,929	15,439,330	16,250,333	15,292,945
State grants and contracts	847,085	1,234,927	1,238,978	1,361,855
Local grants and contracts	685,252	243,494	277,015	103,202
Investment income	235,077	153,046	123,628	102,303
Gifts	1,008,001	1,041,306	926,182	903,810
Other non-operating revenues	140,945	432,662	77,119	157,019
Total non-operating revenues	<u>38,868,029</u>	<u>39,411,857</u>	<u>39,964,871</u>	<u>39,256,974</u>
Total revenues	<u>\$ 59,669,426</u>	<u>\$ 60,628,537</u>	<u>\$ 62,060,055</u>	<u>\$ 63,974,449</u>
Tuition and fees (net of discounts)	24.90%	24.42%	24.49%	26.55%
Sales and services of educational activities	1.09%	0.89%	0.89%	0.77%
Auxiliary enterprises (net of discounts)	8.62%	9.40%	9.79%	10.98%
Other operating revenues	<u>0.25%</u>	<u>0.28%</u>	<u>0.43%</u>	<u>0.34%</u>
Total operating revenues	<u>34.86%</u>	<u>34.99%</u>	<u>35.60%</u>	<u>38.64%</u>
State appropriations	25.66%	27.45%	27.54%	27.65%
Ad valorem property taxes for maintenance and operations	7.97%	6.97%	6.41%	5.70%
Federal grants and contracts	26.62%	25.47%	26.18%	23.90%
State grants and contracts	1.42%	2.04%	2.00%	2.13%
Local grants and contracts	1.15%	0.40%	0.45%	0.16%
Investment income	0.39%	0.25%	0.20%	0.16%
Gifts	1.69%	1.72%	1.49%	1.41%
Other non-operating revenues	0.24%	0.71%	0.12%	0.25%
Total non-operating revenues	<u>65.14%</u>	<u>65.01%</u>	<u>64.40%</u>	<u>61.36%</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,					
2016	2015	2014	2013 (1)	2012 (1)	2011
\$ 16,205,416	\$ 17,535,426	\$ 14,029,788	\$ 14,202,493	\$ 15,014,906	\$ 13,759,423
451,427	474,901	521,857	508,065	448,874	421,584
7,044,650	7,186,797	7,779,024	8,035,390	8,390,017	8,027,928
196,380	243,507	155,344	182,078	129,911	100,877
<u>23,897,873</u>	<u>25,440,631</u>	<u>22,486,013</u>	<u>22,928,026</u>	<u>23,983,708</u>	<u>22,309,812</u>
17,758,716	18,332,879	18,288,097	17,919,724	17,530,761	16,383,691
3,553,400	3,533,309	3,359,627	3,301,143	3,228,761	3,122,756
17,463,377	22,684,063	22,588,765	23,451,372	24,701,880	27,228,331
1,432,635	2,352,975	2,083,489	1,668,721	1,339,234	1,911,420
81,545	76,322	94,685	63,216	78,135	124,667
93,031	93,269	129,125	160,404	146,902	153,555
856,846	867,114	1,414,538	975,840	834,579	762,018
221,698	813,949	349,148	291,260	62,511	64,560
<u>41,461,248</u>	<u>48,753,880</u>	<u>48,307,474</u>	<u>47,831,680</u>	<u>47,922,763</u>	<u>49,750,998</u>
<u>\$ 65,359,121</u>	<u>\$ 74,194,511</u>	<u>\$ 70,793,487</u>	<u>\$ 70,759,706</u>	<u>\$ 71,906,471</u>	<u>\$ 72,060,810</u>
24.79%	23.63%	19.82%	20.07%	20.88%	19.09%
0.69%	0.64%	0.74%	0.72%	0.62%	0.59%
10.78%	9.69%	10.99%	11.36%	11.67%	11.14%
0.30%	0.33%	0.22%	0.26%	0.18%	0.14%
<u>36.56%</u>	<u>34.29%</u>	<u>31.76%</u>	<u>32.40%</u>	<u>33.35%</u>	<u>30.96%</u>
27.17%	24.71%	25.83%	25.32%	24.38%	22.74%
5.44%	4.76%	4.75%	4.67%	4.49%	4.33%
26.72%	30.57%	31.91%	33.14%	34.35%	37.79%
2.19%	3.17%	2.94%	2.36%	1.86%	2.65%
0.12%	0.10%	0.13%	0.09%	0.11%	0.17%
0.14%	0.13%	0.18%	0.23%	0.20%	0.21%
1.31%	1.17%	2.00%	1.38%	1.16%	1.06%
0.34%	1.10%	0.49%	0.41%	0.09%	0.09%
<u>63.44%</u>	<u>65.71%</u>	<u>68.24%</u>	<u>67.60%</u>	<u>66.65%</u>	<u>69.04%</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,			
	2020	2019	2018	2017
Instruction	\$ 19,388,245	\$ 20,462,044	\$ 19,801,849	\$ 19,545,759
Public service	1,362,008	346,517	351,097	331,537
Academic support	3,064,442	3,198,198	3,321,324	3,123,899
Student services	4,870,434	4,900,914	4,752,342	4,540,335
Institutional support	7,700,104	7,324,796	7,388,738	7,899,625
Operation and maintenance of plant	3,662,680	4,108,475	4,189,188	4,013,560
Scholarships and fellowships	7,120,406	7,874,880	8,330,076	9,879,276
Auxiliary enterprises	8,884,866	10,542,824	10,132,772	8,904,115
Depreciation	2,377,550	2,415,665	2,059,675	2,081,025
Total operating expenses	<u>58,430,735</u>	<u>61,174,313</u>	<u>60,327,061</u>	<u>60,319,131</u>
Interest on capital related debt	744,800	795,413	833,854	924,665
Other non-operating expenses	141,591	-	-	-
Total non-operating expenses	<u>886,391</u>	<u>795,413</u>	<u>833,854</u>	<u>924,665</u>
Total expenses	<u>\$ 59,317,126</u>	<u>\$ 61,969,726</u>	<u>\$ 61,160,915</u>	<u>\$ 61,243,796</u>
Special item	-	-	-	-
Change in net position	<u>\$ 352,300</u>	<u>\$ (1,341,189)</u>	<u>\$ 899,140</u>	<u>\$ 2,730,653</u>
Instruction	32.69%	33.02%	32.38%	31.91%
Public service	2.30%	0.56%	0.57%	0.54%
Academic support	5.17%	5.16%	5.43%	5.10%
Student services	8.21%	7.91%	7.77%	7.41%
Institutional support	12.98%	11.82%	12.08%	12.90%
Operation and maintenance of plant	6.17%	6.63%	6.85%	6.55%
Scholarships and fellowships (net of discounts)	12.00%	12.71%	13.62%	16.13%
Auxiliary enterprises	14.98%	17.01%	16.57%	14.54%
Depreciation	4.01%	3.90%	3.37%	3.40%
Total operating expenses	<u>98.51%</u>	<u>98.72%</u>	<u>98.64%</u>	<u>98.49%</u>
Interest on capital related debt	1.26%	1.28%	1.36%	1.51%
Other non-operating expenses	0.24%	-	-	-
Total non-operating expenses	<u>1.26%</u>	<u>1.28%</u>	<u>1.36%</u>	<u>1.51%</u>
Total expenses	<u>99.76%</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,					
2016	2015	2014	2013 (1)	2012 (1)	2011
\$ 20,148,443	\$ 21,368,604	\$ 20,213,672	\$ 19,104,050	\$ 17,799,800	\$ 18,167,513
289,941	279,188	275,807	270,869	281,184	228,891
3,588,737	3,475,922	3,972,411	3,748,138	3,486,597	3,579,175
4,550,759	4,245,023	4,360,373	4,608,363	4,031,791	3,677,010
8,221,330	7,101,168	6,998,131	6,144,442	5,191,112	5,022,776
3,774,689	3,840,350	3,748,746	4,030,618	4,122,473	4,582,981
11,467,584	15,670,742	16,571,886	15,761,613	16,955,799	17,996,557
9,833,242	10,609,202	11,825,269	11,504,077	12,088,998	11,880,415
2,120,128	2,142,219	1,997,893	1,968,446	1,855,608	1,703,928
<u>63,994,853</u>	<u>68,732,418</u>	<u>69,964,188</u>	<u>67,140,616</u>	<u>65,813,362</u>	<u>66,839,246</u>
1,028,332	1,074,176	1,234,432	1,257,512	1,527,268	1,493,617
-	-	-	-	-	-
<u>1,028,332</u>	<u>1,074,176</u>	<u>1,234,432</u>	<u>1,257,512</u>	<u>1,527,268</u>	<u>1,493,617</u>
<u>\$ 65,023,185</u>	<u>\$ 69,806,594</u>	<u>\$ 71,198,620</u>	<u>\$ 68,398,128</u>	<u>\$ 67,340,630</u>	<u>\$ 68,332,863</u>
-	-	-	1,539,061	-	-
<u>\$ 335,936</u>	<u>\$ 4,387,917</u>	<u>\$ (405,133)</u>	<u>\$ 2,361,578</u>	<u>\$ 3,727,947</u>	<u>\$ 3,742,474</u>
30.99%	30.61%	28.39%	27.93%	26.43%	26.59%
0.45%	0.40%	0.39%	0.40%	0.42%	0.33%
5.52%	4.98%	5.58%	5.48%	5.18%	5.24%
7.00%	6.08%	6.12%	6.74%	5.99%	5.38%
12.64%	10.17%	9.83%	8.98%	7.71%	7.35%
5.81%	5.50%	5.27%	5.89%	6.12%	6.71%
17.64%	22.45%	23.28%	23.04%	25.18%	26.34%
15.12%	15.20%	16.61%	16.82%	17.95%	17.39%
3.26%	3.07%	2.81%	2.88%	2.76%	2.49%
<u>98.42%</u>	<u>98.46%</u>	<u>98.27%</u>	<u>98.16%</u>	<u>97.73%</u>	<u>97.81%</u>
1.58%	1.54%	1.73%	1.84%	2.27%	2.19%
-	-	-	-	-	-
<u>1.58%</u>	<u>1.54%</u>	<u>1.73%</u>	<u>1.84%</u>	<u>2.27%</u>	<u>2.19%</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		
2020	\$ 540	\$ 1,224	\$ 30	\$ 372
2019	540	1,224	17	372
2018	504	1,116	14	336
2017	504	1,092	14	336
2016	480	1,020	14	312
2015	444	972	14	288
2014	432	852	11	228
2013	432	840	11	228
2012	432	840	11	216
2011	420	828	11	216

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	
\$ 19	\$ 168	\$ 1,129	\$ 1,813	2.26%	1.40%	10,727
19	156	1,104	1,788	12.88%	12.45%	13,200
16	108	978	1,590	1.24%	2.32%	13,620
16	96	966	1,554	8.17%	8.44%	13,477
15	72	893	1,433	7.20%	5.29%	14,088
15	72	833	1,361	21.43%	23.06%	16,129
15	-	686	1,106	0.00%	1.10%	17,399
15	-	686	1,094	2.54%	1.58%	19,659
10	-	669	1,077	1.83%	1.13%	19,463
10	-	657	1,065	7.88%	7.25%	20,481

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
2020	\$ 1,392	\$ 576	\$ 30	\$ 372
2019	1,356	576	17	372
2018	1,248	528	14	336
2017	1,188	516	14	336
2016	1,140	480	14	312
2015	1,080	468	14	288
2014	1,044	408	11	228
2013	1,044	408	11	228
2012	972	396	11	216
2011	972	396	11	216

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

(1) Based on twelve semester credit hour load.

Source: Navarro College District Finance Department

Table 4
Page 2 of 2

<u>Vehicle Registration Fee</u>	<u>Technology Fee</u>	<u>Total Cost</u>	<u>Increase from Prior Year</u>	<u>Semester Credit Hours</u>
\$ 19	\$ 168	\$ 2,557	2.44%	2,357
19	156	2,496	10.93%	2,463
16	108	2,250	3.88%	2,463
16	96	2,166	6.54%	3,123
15	72	2,033	4.96%	3,519
15	72	1,937	13.54%	2,877
15	-	1,706	0.00%	3,366
15	-	1,706	6.29%	3,876
10	-	1,605	0.00%	3,852
10	-	1,605	8.96%	4,234

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
2020	\$ 4,243,050,975	\$ 226,852,287	\$ 4,016,198,688
2019	3,648,741,269	197,099,255	3,451,642,014
2018	3,423,751,510	190,745,064	3,233,006,446
2017	3,232,166,233	186,096,906	3,046,069,327
2016	3,175,167,202	181,024,673	2,994,142,529
2015	3,083,281,070	165,743,597	2,917,537,473
2014	2,903,869,194	138,171,442	2,765,697,752
2013	2,870,855,246	96,595,879	2,774,259,367
2012	2,796,227,018	114,145,881	2,682,081,137
2011	2,731,703,393	116,531,309	2,615,172,084

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
94.65%	\$ 4,243,050,975	\$ 0.11640	\$ -	\$ 0.11640
94.60%	3,648,741,269	0.12180	-	0.12180
94.43%	3,423,751,510	0.12180	-	0.12180
94.24%	3,232,166,233	0.11830	-	0.11830
94.30%	3,175,167,202	0.11830	-	0.11830
94.62%	3,083,281,070	0.12020	-	0.12020
95.24%	2,903,869,194	0.12020	-	0.12020
96.64%	2,870,855,246	0.11900	-	0.11900
95.92%	2,796,227,018	0.11900	-	0.11900
95.73%	2,731,703,393	0.11900	-	0.11900

Navarro College District

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Navarro College District	\$ 0.1164	\$ 0.1218	\$ 0.1218	\$ 0.1183
County:				
Navarro County	0.6270	0.6270	0.6270	0.6270
Cities:				
Barry	0.4053	0.4034	0.4034	0.3851
Blooming Grove	0.4550	0.4230	0.4801	0.4801
Corsicana	0.6272	0.6272	0.6272	0.6272
Dawson	0.4324	0.4308	0.4324	0.4234
Emhouse	0.2524	0.2943	0.2943	0.2943
Frost	0.5394	0.5504	0.5690	0.5690
Goodlow	0.0897	0.0897	0.0897	0.0897
Kerens	0.6805	0.6922	0.6735	0.6839
Rice	0.5728	0.5990	0.5990	0.5990
Richland	0.2800	0.2341	0.2359	0.2330
School Districts:				
Blooming Grove	1.0762	1.1300	1.1300	1.1300
Corsicana	1.2831	1.3279	1.3703	1.3703
Dawson	1.3894	1.4654	1.2922	1.2922
Frost	1.2130	1.5925	1.1743	1.2208
Kerens	1.5400	1.4400	1.4400	1.1100
Mildred	1.3300	1.3928	1.2812	1.2812
Rice	1.5249	1.6265	1.6265	1.3365

Source: Navarro County Appraisal District

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

Table 6

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 0.1183	\$ 0.1202	\$ 0.1202	\$ 0.1190	\$ 0.1190	\$ 0.1190
0.6270	0.6270	0.6270	0.6270	0.6270	0.6270
0.3851	0.3851	0.3851	0.3851	0.3661	0.3349
0.4512	0.4821	0.4821	0.4821	0.4900	0.4900
0.6272	0.6272	0.6272	0.6272	0.6272	0.6272
0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
0.2943	0.2943	0.2943	0.2943	0.2943	0.3072
0.5611	0.5573	0.5657	0.5600	0.5300	0.5000
0.0897	0.0897	0.0897	0.0897	0.0897	0.0897
0.6803	0.6817	0.6817	0.6434	0.6434	0.6434
0.5844	0.5500	0.5351	0.4999	0.4700	0.4700
0.2330	0.2330	0.2330	0.2330	0.2189	0.2056
1.1300	1.1300	1.1300	1.1300	1.1300	1.1300
1.3703	1.2803	1.2803	1.2830	1.2830	1.2830
1.2922	1.2900	1.2900	1.2900	1.2900	1.2900
1.2308	1.2404	1.2550	1.2550	1.2550	1.2550
1.1100	1.1100	1.1100	1.1100	1.1100	1.1100
1.2812	1.2812	1.2980	1.2906	1.2798	1.2798
1.3365	1.3800	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			
		2020	2019	2018	2017
Seaway Crude Pipeline LP	Oil Distribution	\$ 158,640,260	\$ 148,696,190	\$ 43,662,200	\$ 44,330,040
Oncor Electric Delivery	Electric Utility	102,730,190	74,965,750	62,045,430	52,248,010
Guardian Industry - Abated	Glass Manufacturer	69,082,510	70,065,430	67,057,775	53,276,715
Grand Prix Pipeline Co, LP	Pipeline Company	58,766,670	-	-	-
Magellan Pipeline Co, LP	Pipeline Company	52,491,240	51,552,560	-	-
Pactiv-Foam - Abated	Foam Manufacturer	52,073,880	48,548,330	41,620,920	37,706,553
Sunoco Pipeline LP)	Pipeline Company	48,680,760	47,859,090	30,305,330	28,550,040
Russell Stover Candies - Abated	Candy Manufacturer	46,424,360	42,771,170	36,695,360	35,939,480
Company)	Energy Services	45,472,170	51,807,050	46,053,410	46,116,150
Energy Transfer Fuel LP	Electric Company	43,575,030	49,214,460	44,001,370	47,606,870
True Value Co. - Non-Abated	Retail Distribution	-	46,146,090	-	-
Lone Star Transmission	Electric Company	-	-	42,704,910	44,756,720
Union Pacific	RR Company	-	-	38,078,610	35,828,790
Burlington Northern Santa Fe	Rail Road	-	-	-	-
Corsicana Techonologies, Inc	Manufacturer	-	-	-	-
Totals		<u>\$ 677,937,070</u>	<u>\$ 631,626,120</u>	<u>\$ 452,225,315</u>	<u>\$ 426,359,368</u>
Net taxable assessed value		<u>\$ 4,016,198,688</u>	<u>\$ 3,451,642,014</u>	<u>\$ 3,233,006,446</u>	<u>\$ 3,046,069,327</u>

Taxable Assessed Value						
	2016	2015	2014	2013	2012	2011
\$	44,743,340	\$ 45,366,960	\$ -	\$ -	\$ -	\$ -
	48,825,700	49,835,890	49,116,350	45,617,500	43,840,090	42,244,260
	47,069,805	45,928,470	48,580,980	46,198,430	47,902,205	47,719,270
	-	-	-	-	39,242,590	33,662,336
	-	-	-	18,925,180	19,588,170	20,108,295
	33,922,684	24,800,084	-	-	-	-
	-	-	20,287,000	21,311,840	21,707,000	-
	35,933,935	40,899,980	37,232,300	40,755,175	41,788,490	43,777,148
	51,736,240	56,587,750	49,772,120	-	-	-
	65,033,230	66,068,120	61,634,770	73,136,440	80,588,880	79,919,230
	27,569,810	27,651,750	29,579,080	29,969,010	30,657,820	32,844,610
	48,107,140	50,788,550	52,908,350	38,442,150	-	-
	33,680,970	31,648,440	28,615,140	25,687,460	23,181,290	21,388,410
	-	-	18,882,520	-	-	15,374,710
	-	-	-	43,215,390	32,423,520	24,295,930
\$	<u>436,622,854</u>	<u>\$ 439,575,994</u>	<u>\$ 396,608,610</u>	<u>\$ 383,258,575</u>	<u>\$ 380,920,055</u>	<u>\$ 361,334,199</u>
\$	<u>2,994,142,529</u>	<u>\$ 2,917,537,473</u>	<u>\$ 2,765,697,752</u>	<u>\$ 2,774,259,367</u>	<u>\$ 2,682,081,137</u>	<u>\$ 2,615,172,084</u>

Navarro College District

**Principal Taxpayers
Last Ten Tax Years
(Unaudited)**

Taxpayer	Type of Business	Taxable Assessed Value			
		2020	2019	2018	2017
Seaway Crude Pipeline LP	Oil Distribution	3.95%	4.31%	1.35%	1.46%
Oncor Electric Delivery	Electric Utility	2.56%	2.17%	1.92%	1.72%
Guardian Industry - Abated	Glass Manufacturer	1.72%	2.03%	2.07%	1.75%
Grand Prix Pipeline Co, LP	Pipeline Company	1.46%	-	-	-
Magellan Pipeline Co, LP	Pipeline Company	1.31%	1.49%	-	-
Pactiv-Foam - Abated	Foam Manufacturer	1.30%	1.41%	1.29%	1.24%
Sunoco Pipeline LP)	Pipeline Company	1.21%	1.39%	0.94%	0.94%
Russell Stover Candies - Abated Company)	Candy Manufacturer	1.16%	1.24%	1.14%	1.18%
Energy Transfer Fuel LP	Energy Services	1.13%	1.50%	1.42%	1.51%
Electric Company	Electric Company	1.08%	1.43%	1.36%	1.56%
True Value Co. - Non-Abated	Retail Distribution	-	1.34%	-	-
Lone Star Transmission	Electric Company	-	-	1.32%	1.47%
Union Pacific	RR Company	-	-	1.18%	1.18%
Burlington Northern Santa Fe	Rail Road	-	-	-	-
Corsicana Techonologies, Inc	Manufacturer	-	-	-	-
Totals		16.88%	18.30%	13.99%	14.00%

Source: Navarro County Appraisal District

Taxable Assessed Value						
2016	2015	2014	2013	2012	2011	
1.49%	1.55%	-	-	-	-	-
1.63%	1.71%	1.78%	1.64%	1.63%	1.79%	1.62%
1.57%	1.57%	1.76%	1.67%	1.79%	1.79%	1.82%
-	-	-	-	1.46%	-	1.29%
-	-	-	0.68%	0.73%	0.73%	0.77%
1.13%	0.85%	-	-	-	-	-
-	-	0.73%	0.77%	0.81%	-	-
1.20%	1.40%	1.35%	1.47%	1.56%	1.67%	1.67%
1.73%	1.94%	1.80%	-	-	-	-
2.17%	2.26%	2.23%	2.64%	3.00%	3.06%	3.06%
0.92%	0.95%	1.07%	1.08%	1.14%	1.26%	1.26%
1.61%	1.74%	1.91%	1.39%	-	-	-
1.12%	1.08%	1.03%	0.93%	0.86%	0.82%	0.82%
-	-	0.68%	-	-	0.59%	0.59%
-	-	-	1.56%	1.21%	0.93%	0.93%
14.58%	15.07%	14.34%	13.81%	14.20%	13.82%	13.82%

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>
2020	\$ 4,680,613	\$ (27,080)	\$ 4,653,533
2019	4,211,190	(9,919)	4,201,271
2018	3,942,804	(25,063)	3,917,741
2017	3,608,756	(12,962)	3,595,794
2016	3,546,947	(12,494)	3,534,453
2015	3,515,366	(10,903)	3,504,463
2014	3,330,770	(10,479)	3,320,291
2013	3,308,730	(14,354)	3,294,376
2012	3,192,388	(11,443)	3,180,945
2011	3,112,065	(16,103)	3,095,962

Source: Navarro County Tax Assessor-Collector

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

Table 8

Collections - Year of Levy		Collections in Subsequent Years	Total Collections To Date	
Amount	Percent		Amount	Percent
\$ 4,510,539	96.93%	\$ -	\$ 4,510,539	96.93%
4,081,123	97.14%	63,925	4,145,048	98.66%
3,810,491	97.26%	69,331	3,879,822	99.03%
3,501,564	97.38%	71,892	3,573,456	99.38%
3,432,700	97.12%	84,304	3,517,004	99.51%
3,427,941	97.82%	62,379	3,490,320	99.60%
3,241,206	97.62%	68,335	3,309,541	99.68%
3,203,423	97.24%	80,708	3,284,131	99.69%
3,087,590	97.07%	82,979	3,170,569	99.67%
2,999,249	96.88%	87,564	3,086,813	99.70%

Navarro College District

Ratios of Outstanding Debt
Last Ten Fiscal Years
(Unaudited)

	August 31,			
	2020	2019	2018	2017
General Bonded Debt				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Other Debt				
Revenue bonds	15,234,478	16,895,796	18,502,111	20,063,427
Loans payable	825,000	900,000	975,000	1,050,000
Capital lease obligations	3,259,621	3,784,979	2,855,000	3,060,000
Total other debt	<u>19,319,099</u>	<u>21,580,775</u>	<u>22,332,111</u>	<u>24,173,427</u>
Total outstanding debt	<u>\$ 19,319,099</u>	<u>\$ 21,580,775</u>	<u>\$ 22,332,111</u>	<u>\$ 24,173,427</u>
Total Outstanding Debt Ratios				
Per capita	\$ 386	\$ 435	\$ 459	\$ 498
Per student	1,549	1,591	1,574	1,680
As a percentage of taxable assessed value	0.48%	0.63%	0.69%	0.79%
As a percentage of personal income	1.03%	1.15%	1.24%	1.41%

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 year 2011 was 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,					
2016	2015	2014	2013 (2)	2012 (2)	2011 (1)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22,689,743	25,216,060	27,667,376	30,043,692	32,420,009	26,860,000
1,125,000	1,200,000	1,275,000	1,275,000	1,500,000	1,500,000
<u>3,260,000</u>	<u>3,450,000</u>	<u>3,496,116</u>	<u>3,651,116</u>	<u>3,801,116</u>	<u>3,941,116</u>
<u>27,074,743</u>	<u>29,866,060</u>	<u>32,438,492</u>	<u>34,969,808</u>	<u>37,721,125</u>	<u>32,301,116</u>
<u>\$ 27,074,743</u>	<u>\$ 29,866,060</u>	<u>\$ 32,438,492</u>	<u>\$ 34,969,808</u>	<u>\$ 37,721,125</u>	<u>\$ 32,301,116</u>
\$ 561	\$ 620	\$ 675	\$ 729	\$ 785	\$ 677
1,804	1,830	1,905	1,996	2,051	1,711
0.90%	1.02%	1.17%	1.26%	1.41%	1.24%
1.57%	1.58%	1.83%	2.10%	2.37%	2.15%

Navarro College District

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

	For the Year Ended August 31,			
	2020	2019	2018	2017
Taxable Assessed Value	<u>\$ 4,016,198,688</u>	<u>\$ 3,451,642,014</u>	<u>\$ 3,233,006,446</u>	<u>\$ 3,046,069,327</u>
General Obligation Bonds				
Statutory tax levy limit for debt service	\$ 20,080,993	\$ 17,258,210	\$ 16,165,032	\$ 15,230,347
Current year debt service requirements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of statutory limit for debt service over current requirements	<u>\$ 20,080,993</u>	<u>\$ 17,258,210</u>	<u>\$ 16,165,032</u>	<u>\$ 15,230,347</u>
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,					
2016	2015	2014	2013	2012	2011
<u>\$ 2,994,142,529</u>	<u>\$ 2,917,537,473</u>	<u>\$ 2,765,697,752</u>	<u>\$ 2,774,259,367</u>	<u>\$ 2,682,081,137</u>	<u>\$ 2,615,172,084</u>
\$ 14,970,713	\$ 14,587,687	\$ 13,828,489	\$ 13,871,297	\$ 13,410,406	\$ 13,075,860
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 14,970,713</u>	<u>\$ 14,587,687</u>	<u>\$ 13,828,489</u>	<u>\$ 13,871,297</u>	<u>\$ 13,410,406</u>	<u>\$ 13,075,860</u>
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
2020	\$ 266,580	\$ 4,098,329	\$ 5,189,721	\$ 3,397,648	\$ 5,082,945	\$ 8,884,866
2019	288,428	4,082,169	5,300,687	3,015,864	5,671,011	10,542,824
2018	304,845	4,271,589	5,414,730	2,707,238	6,043,317	10,132,772
2017	316,995	3,961,300	5,026,019	2,824,645	8,818,670	8,904,115
2016	325,635	3,942,353	4,997,878	2,614,210	8,876,011	9,833,242
2015	340,350	4,203,104	5,564,752	2,832,475	9,027,034	10,609,202
2014	346,658	3,753,843	5,344,521	1,605,731	10,207,759	11,825,268
2013	348,578	3,816,433	5,624,975	1,673,432	10,545,568	11,504,077
2012	364,230	4,067,828	6,016,339	1,695,784	10,946,951	12,088,998
2011	374,798	3,950,605	5,863,890	1,739,898	10,844,702	11,880,415

Notes:

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

Table 11

			Debt Service Requirements			
Net Available	Interest Income	Total	Principal	Interest	Total	Coverage Ratio
\$ 9,172,205	\$ 235,077	\$ 9,407,282	\$ 1,650,000	\$ 590,062	\$ 2,240,062	4.20
7,815,335	153,046	7,968,381	1,595,000	644,484	2,239,484	3.56
8,608,947	123,628	8,732,575	1,540,000	696,976	2,236,976	3.90
12,043,514	102,303	12,145,817	1,495,000	740,656	2,235,656	5.43
10,922,845	93,031	11,015,876	2,560,000	843,632	3,403,632	3.24
11,358,513	93,269	11,451,782	2,460,000	942,574	3,402,574	3.37
9,433,244	129,125	9,562,369	2,385,000	1,019,449	3,404,449	2.81
10,504,909	160,404	10,665,313	2,310,000	1,088,537	3,398,537	3.14
11,002,134	146,902	11,149,036	1,105,000	1,408,472	2,513,472	4.44
10,893,478	153,555	11,047,033	1,065,000	1,281,713	2,346,713	4.71



**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
2019	50,113	\$ 1,879,580,000	\$ 40,571	3.2%
2018	49,565	1,883,851,394	33,995	3.7%
2017	48,701	1,799,965,000	35,446	3.9%
2016	48,523	1,719,814,000	36,960	4.2%
2015	48,255	1,729,595,000	35,792	4.2%
2014	48,195	1,887,318,000	39,245	5.2%
2013	48,038	1,776,684,000	36,985	5.2%
2012	47,979	1,666,050,000	34,725	7.9%
2011	48,054	1,591,179,000	33,112	9.2%
2010	47,735	1,503,732,000	31,467	9.7%

Source: Texas Workforce Commission

Note: The final 2019 amounts are not yet available and are estimated in the table above.

Navarro College District

Principal Employers
Last Ten Fiscal Years
(Unaudited)

Employer	2020		2019		2018		2017	
	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)	872	3.75%	991	4.35%	820	3.74%	1,042	4.87%
Watkins Construction	500	2.15%	1,020	4.48%	800	3.65%	500	2.33%
Russell Stover Candies (seasonal)	650	2.79%	850	3.73%	726	3.31%	850	3.97%
Corsicana ISD	886	3.81%	810	3.56%	700	3.19%	811	3.79%
Navarro Regional Hospital	365	1.57%	450	1.98%	350	1.60%	350	1.63%
Walmart Super Center	350	1.50%	350	1.54%	350	1.60%	350	1.63%
Collin Street Bakery (seasonal)	347	1.49%	347	1.52%	347	1.58%	150	0.70%
Navarro County	300	1.29%	300	1.32%	337	1.54%	284	1.33%
Guardian Industries, Corp.	325	1.40%	325	1.43%	325	1.48%	312	1.46%
Corsicana Bedding	367	1.58%	367	1.61%	314	1.43%	257	1.20%
City of Corsicana (includes part time)	275	1.18%	275	1.21%	276	1.26%	284	1.33%
Kohl's Distribution Center	200	0.86%	200	0.88%	200	0.91%	200	0.93%
Pactiv	400	1.72%	425	1.87%	194	0.88%	250	1.17%
Oil City Iron Works	215	0.92%	194	0.85%	194	0.88%	255	1.19%
Heritage Oaks/Heritage Oaks West	191	0.82%	191	0.84%	191	0.87%	72	0.34%
NALCO Champion	120	0.52%	150	0.66%	150	0.68%	150	0.70%
Morgan Corp.	150	0.64%	150	0.66%	150	0.68%	149	0.70%
Angels at Home	-	0.00%	-	0.00%	150	0.68%	150	0.70%
Tru-Serve Distribution Center	145	0.62%	145	0.64%	145	0.66%	180	0.84%
Polyguard	125	0.54%	125	0.55%	125	0.57%	-	0.00%
Community National Bank & Trust	98	0.42%	80	0.35%	80	0.36%	114	0.53%
Cargo Craft	-	0.00%	-	0.00%	75	0.34%	-	0.00%
Plasson	100	0.43%	100	0.44%	70	0.32%	-	0.00%
Navarro Pecan	60	0.26%	60	0.26%	60	0.27%	-	0.00%
EXXON/Mobil Pipeline	-	0.00%	-	0.00%	55	0.25%	-	0.00%
Enterprise Pre-Cast	80	0.34%	80	0.35%	-	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%
Total	7,121	30.58%	7,985	35.08%	7,184	32.74%	6,710	31.33%

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

Table 13

2016		2015		2014		2013		2012		2011	
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
1,042	4.84%	1,090	5.02%	1,106	5.21%	1,134	5.50%	1,107	5.43%	1,064	5.33%
500	2.32%	500	2.30%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
850	3.95%	850	3.91%	850	4.00%	795	3.85%	680	3.34%	680	3.41%
811	3.77%	811	3.73%	811	3.82%	800	3.88%	811	3.98%	811	4.07%
350	1.63%	350	1.61%	350	1.65%	385	1.87%	354	1.74%	354	1.77%
350	1.63%	350	1.61%	350	1.65%	-	0.00%	325	1.59%	-	0.00%
150	0.70%	150	0.69%	150	0.71%	379	1.84%	150	0.74%	150	0.75%
284	1.32%	284	1.31%	284	1.34%	300	1.45%	284	1.39%	284	1.42%
312	1.45%	318	1.46%	318	1.50%	360	1.75%	318	1.56%	318	1.59%
257	1.19%	257	1.18%	257	1.21%	449	2.18%	257	1.26%	257	1.29%
284	1.32%	284	1.31%	284	1.34%	277	1.34%	284	1.39%	284	1.42%
200	0.93%	315	1.45%	315	1.48%	333	1.61%	200	0.98%	200	1.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
255	1.18%	255	1.17%	255	1.20%	212	1.03%	172	0.84%	172	0.86%
72	0.33%	72	0.33%	72	0.34%	245	1.19%	236	1.16%	236	1.18%
150	0.70%	-	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%
180	0.84%	180	0.83%	180	0.85%	165	0.80%	149	0.73%	149	0.75%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	216	1.08%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	148	0.74%
-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	145	0.73%
6,047	28.10%	6,066	27.92%	5,582	26.28%	5,834	28.28%	5,327	26.14%	5,468	27.41%

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
2020	\$ 13,362,834	12,476	\$ 1,071
2019	14,052,370	13,564	1,036
2018	14,052,371	14,187	991
2017	15,302,879	14,388	1,064
2016	15,288,429	15,007	1,019
2015	16,262,313	16,316	997
2014	16,319,691	17,028	958
2013	15,861,991	17,518	905
2012	15,639,707	18,392	850
2011	14,070,243	18,877	745

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
2,443,726	1,058,224	3,501,950	\$ 3.82
2,648,800	1,139,020	3,787,820	3.71
2,736,720	1,239,884	3,976,604	3.53
2,768,430	1,302,964	4,071,394	3.76
2,861,376	1,443,484	4,304,860	3.55
3,057,872	1,647,476	4,705,348	3.46
3,258,256	1,616,032	4,874,288	3.35
3,392,912	1,675,572	5,068,484	3.13
3,634,186	1,612,596	5,246,782	2.98
3,682,160	1,833,744	5,515,904	2.55

Navarro College District

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

	2020	2019	2018	2017
Faculty				
Full-Time	122	122	132	136
Part-Time	113	284	361	361
Total	235	406	493	497
Full-Time	51.9%	30.0%	26.8%	27.4%
Part-Time	48.1%	70.0%	73.2%	72.6%
Total	100.0%	100.0%	100.0%	100.0%
Average Annual Faculty Salary	\$ 58,162	\$ 56,037	\$ 54,654	\$ 55,863
Staff and Administrators				
Full-Time	231	245	216	234
Part-Time	120	78	77	119
Total	351	323	293	353
Full-Time	65.8%	75.9%	73.7%	66.3%
Part-Time	34.2%	24.1%	26.3%	33.7%
Total	100.0%	100.0%	100.0%	100.0%

Table 15

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
133	128	127	121	122	122
<u>382</u>	<u>405</u>	<u>415</u>	<u>446</u>	<u>540</u>	<u>355</u>
<u>515</u>	<u>533</u>	<u>542</u>	<u>567</u>	<u>662</u>	<u>477</u>
25.8%	24.0%	23.4%	21.3%	18.4%	25.6%
<u>74.2%</u>	<u>76.0%</u>	<u>76.6%</u>	<u>78.7%</u>	<u>81.6%</u>	<u>74.4%</u>
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<u>\$ 55,134</u>	<u>\$ 54,396</u>	<u>\$ 55,602</u>	<u>\$ 53,781</u>	<u>\$ 52,681</u>	<u>\$ 52,138</u>
252	244	244	252	231	230
<u>89</u>	<u>94</u>	<u>79</u>	<u>71</u>	<u>94</u>	<u>95</u>
<u>341</u>	<u>338</u>	<u>323</u>	<u>323</u>	<u>325</u>	<u>325</u>
73.9%	72.2%	75.5%	78.0%	71.1%	87.0%
<u>26.1%</u>	<u>27.8%</u>	<u>24.5%</u>	<u>22.0%</u>	<u>28.9%</u>	<u>13.0%</u>
<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Navarro College District

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

	Fall 2019		Fall 2018		Fall 2017		Fall 2016	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Student Classification								
00-30 hours	6,056	74.10%	6,393	74.33%	6,496	72.44%	6,741	73.03%
31-60 hours	1,350	16.52%	1,447	16.82%	1,622	18.09%	1,592	17.25%
> 60 hours	767	9.38%	761	8.85%	850	9.48%	897	9.72%
Total	8,173	100.00%	8,601	100.00%	8,968	100.00%	9,230	100.00%
Semester Hour Load								
Less than 3	8	0.10%	16	0.19%	56	0.62%	60	0.65%
3-5 semester hours	1,852	22.66%	1,982	23.04%	1,993	22.22%	2,196	23.79%
6-8 semester hours	2,083	25.49%	2,206	25.65%	2,373	26.46%	2,346	25.42%
9-11 semester hours	1,311	16.04%	1,270	14.77%	1,489	16.60%	1,447	15.68%
12-14 semester hours	1,725	21.11%	1,768	20.56%	1,916	21.36%	1,921	20.81%
15-17 semester hours	951	11.64%	1,100	12.79%	948	10.57%	1,037	11.24%
18 & over	243	2.97%	259	3.01%	193	2.15%	223	2.42%
Total	8,173	100.00%	8,601	100.00%	8,968	100.00%	9,230	100.00%
Tuition Status								
Texas Resident (in-District)	1,475	18.05%	1,572	18.28%	1,549	17.27%	1,633	17.69%
Texas Resident (out-of-District)	6,533	79.93%	6,837	79.49%	7,163	79.87%	7,320	79.31%
Non-Resident Tuition	165	2.02%	192	2.23%	256	2.85%	277	3.00%
Total	8,173	100.00%	8,601	100.00%	8,968	100.00%	9,230	100.00%

Table 16

Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2009	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
6,772	71.45%	7,036	70.37%	7,353	71.69%	7,060	69.91%	7,271	69.69%	7,311	71.92%
1,741	18.37%	1,895	18.95%	1,871	18.24%	1,958	19.39%	2,022	19.38%	1,841	18.11%
965	10.18%	1,068	10.68%	1,033	10.07%	1,080	10.70%	1,140	10.93%	1,014	9.97%
<u>9,478</u>	<u>100.00%</u>	<u>9,999</u>	<u>100.00%</u>	<u>10,257</u>	<u>100.00%</u>	<u>10,098</u>	<u>100.00%</u>	<u>10,433</u>	<u>100.00%</u>	<u>10,166</u>	<u>100.00%</u>
239	2.52%	220	2.20%	251	2.45%	201	1.99%	171	1.64%	159	1.56%
1,931	20.37%	1,902	19.02%	1,717	16.74%	1,592	15.77%	1,646	15.78%	1,820	17.90%
2,370	25.01%	2,345	23.45%	2,236	21.80%	2,173	21.52%	2,176	20.86%	1,998	19.65%
1,383	14.59%	1,588	15.88%	1,604	15.64%	1,422	14.08%	1,514	14.51%	1,402	13.79%
2,327	24.55%	2,561	25.61%	2,739	26.70%	2,866	28.38%	3,118	29.89%	2,987	29.38%
1,040	10.97%	1,102	11.02%	1,411	13.76%	1,480	14.66%	1,460	13.99%	1,409	13.86%
188	1.98%	281	2.81%	299	2.92%	364	3.60%	348	3.34%	391	3.85%
<u>9,478</u>	<u>100.00%</u>	<u>9,999</u>	<u>100.00%</u>	<u>10,257</u>	<u>100.00%</u>	<u>10,098</u>	<u>100.00%</u>	<u>10,433</u>	<u>100.00%</u>	<u>10,166</u>	<u>100.00%</u>
1,809	19.09%	1,814	18.14%	1,927	18.79%	1,922	19.03%	1,996	19.13%	2,028	19.95%
7,446	78.56%	7,920	79.21%	8,052	78.50%	7,883	78.06%	8,102	77.66%	7,830	77.02%
223	2.35%	265	2.65%	278	2.71%	293	2.90%	335	3.21%	308	3.03%
<u>9,478</u>	<u>100.00%</u>	<u>9,999</u>	<u>100.00%</u>	<u>10,257</u>	<u>100.00%</u>	<u>10,098</u>	<u>100.00%</u>	<u>10,433</u>	<u>100.00%</u>	<u>10,166</u>	<u>100.00%</u>

Navarro College District

Student Profile
Last Ten Fiscal Years
(Unaudited)

Gender	Fall 2019		Fall 2018		Fall 2017		Fall 2016	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Female								
Male	4,983	60.97%	5,153	59.91%	5,314	59.26%	5,270	57.10%
	3,190	39.03%	3,448	40.09%	3,654	40.74%	3,960	42.90%
Total	<u>8,173</u>	<u>100.00%</u>	<u>8,601</u>	<u>100.00%</u>	<u>8,968</u>	<u>100.00%</u>	<u>9,230</u>	<u>100.00%</u>
Ethnic Origin								
White								
Hispanic	4,654	56.94%	4,886	56.81%	4,864	54.24%	5,208	56.42%
African American	1,589	19.44%	1,687	19.61%	1,987	22.16%	1,980	21.45%
Asian	1,319	16.14%	1,432	16.65%	1,596	17.80%	1,599	17.32%
Foreign	80	0.98%	83	0.97%	89	0.99%	102	1.11%
Native American	55	0.67%	76	0.88%	104	1.16%	130	1.41%
Other	37	0.45%	42	0.49%	54	0.60%	62	0.67%
	439	5.37%	395	4.59%	274	3.06%	149	1.61%
Total	<u>8,173</u>	<u>100.00%</u>	<u>8,601</u>	<u>100.00%</u>	<u>8,968</u>	<u>100.00%</u>	<u>9,230</u>	<u>100.00%</u>
Age								
Under 18								
18 - 21	3,062	37.46%	3,122	36.30%	3,212	35.82%	3,383	36.65%
22 - 24	3,062	37.46%	3,272	38.04%	3,385	37.75%	3,393	36.76%
25 - 35	591	7.23%	628	7.30%	655	7.30%	694	7.52%
36 - 50	944	11.55%	1,003	11.66%	1,090	12.15%	1,070	11.59%
51 & over	436	5.33%	481	5.59%	522	5.82%	560	6.07%
	78	0.95%	95	1.10%	104	1.16%	130	1.41%
Total	<u>8,173</u>	<u>100.00%</u>	<u>8,601</u>	<u>100.00%</u>	<u>8,968</u>	<u>100.00%</u>	<u>9,230</u>	<u>100.00%</u>
Average Age								
	21		21		21		21	

Table 17

Fall 2015		Fall 2014		Fall 2013		Fall 2012		Fall 2011		Fall 2010	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
5,565	58.71%	5,904	59.05%	6,103	59.50%	6,087	60.28%	6,379	61.14%	6,218	61.16%
3,913	41.29%	4,095	40.95%	4,154	40.50%	4,011	39.72%	4,054	38.86%	3,948	38.84%
<u>9,478</u>	<u>100.00%</u>	<u>9,999</u>	<u>100.00%</u>	<u>10,257</u>	<u>100.00%</u>	<u>10,098</u>	<u>100.00%</u>	<u>10,433</u>	<u>100.00%</u>	<u>10,166</u>	<u>100.00%</u>
5,404	57.02%	5,710	57.11%	5,672	55.30%	5,759	57.03%	6,048	57.97%	6,151	60.51%
1,830	19.31%	1,795	17.95%	1,929	18.81%	1,774	17.57%	1,639	15.71%	1,492	14.68%
1,859	19.61%	2,109	21.09%	2,333	22.75%	2,200	21.79%	2,375	22.76%	2,171	21.36%
80	0.84%	74	0.74%	70	0.68%	54	0.53%	44	0.42%	26	0.26%
111	1.17%	131	1.31%	129	1.26%	159	1.57%	174	1.67%	164	1.61%
58	0.61%	62	0.62%	47	0.46%	61	0.60%	53	0.51%	71	0.70%
136	1.43%	118	1.18%	77	0.75%	91	0.90%	100	0.96%	91	0.90%
<u>9,478</u>	<u>100.00%</u>	<u>9,999</u>	<u>100.00%</u>	<u>10,257</u>	<u>100.00%</u>	<u>10,098</u>	<u>100.00%</u>	<u>10,433</u>	<u>100.00%</u>	<u>10,166</u>	<u>100.00%</u>
3,037	32.04%	2,474	24.74%	2,428	23.67%	2,206	21.85%	1,891	18.13%	1,848	18.18%
3,584	37.81%	3,855	38.55%	4,052	39.50%	3,959	39.21%	4,204	40.30%	4,131	40.64%
787	8.30%	905	9.05%	923	9.00%	972	9.63%	1,050	10.06%	990	9.74%
1,217	12.84%	1,587	15.87%	1,657	16.15%	1,704	16.87%	1,924	18.44%	1,874	18.43%
685	7.23%	927	9.27%	933	9.10%	1,014	10.04%	1,112	10.66%	1,065	10.48%
168	1.77%	251	2.51%	264	2.57%	243	2.41%	252	2.42%	258	2.54%
<u>9,478</u>	<u>100.00%</u>	<u>9,999</u>	<u>100.00%</u>	<u>10,257</u>	<u>100.00%</u>	<u>10,098</u>	<u>100.00%</u>	<u>10,433</u>	<u>100.00%</u>	<u>10,166</u>	<u>100.00%</u>
22		23		23		24		24		24	

Navarro College District

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

Name	2018-2019 Graduate as of Fall 2019				
	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	0	0	9	0.67%
2 Lamar University	5	1	0	6	0.44%
3 Midwestern State University	8	0	0	8	0.59%
4 Prairie View A&M University	5	1	0	6	0.44%
5 Sam Houston State University	95	2	0	97	7.17%
6 Stephen F. Austin State University	48	2	0	50	3.70%
7 Sul Ross State University	0	0	0	0	0.00%
8 Sul Ross State University - Rio Grande College	0	0	0	0	0.00%
9 Tarleton State University	180	8	0	188	13.91%
10 Texas A&M International University	0	0	0	0	0.00%
11 Texas A&M University	133	1	0	134	9.91%
12 Texas A&M University at Commerce	125	5	0	130	9.62%
13 Texas A&M University at Corpus Christi	2	0	0	2	0.15%
14 Texas A&M University at Galveston	5	0	0	5	0.37%
15 Texas A&M University at Kingsville	2	0	0	2	0.15%
16 Texas A&M University at San Antonio	1	0	0	1	0.07%
17 Texas A&M University at Texarkana	1	0	0	1	0.07%
18 Texas Southern University	10	2	0	12	0.89%
19 Texas State University	81	6	0	87	6.43%
20 Texas Tech University	78	1	0	79	5.84%
21 Texas Woman's University	30	0	1	31	2.29%
22 The University of Texas - Pan American	0	0	0	0	0.00%
23 The University of Texas at Arlington	193	22	0	215	15.90%
24 The University of Texas at Austin	33	2	0	35	2.59%
25 The University of Texas at Dallas	21	0	0	21	1.55%
26 The University of Texas at El Paso	1	0	0	1	0.07%
27 The University of Texas at Rio Grand Valley	1	0	0	1	0.07%
28 The Univeristy of Texas at San Antonio	11	1	0	12	0.89%
29 The University of Texas at Tyler	49	4	0	53	3.92%
30 The University of Texas of the Permain Basin	3	0	0	3	0.22%
31 University of Houston	9	1	0	10	0.74%
32 University of Houston at Clear Lake	0	0	0	0	0.00%
33 University of Houston at Downtown	2	0	0	2	0.15%
34 University of Houston at Victoria	2	0	0	2	0.15%
35 University of North Texas	104	6	0	110	8.14%
36 University of North Texas at Dallas	33	2	0	35	2.59%
37 West Texas A&M University	4	0	0	4	0.30%
Totals	1,284	67	1	1,352	100.00%

Source: Texas Higher Education Coordinating Board

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

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2017-2018 Graduate as of Fall 2018					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	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	0	0	5	0.37%	4	0	0	4	0.27%
3	0	0	3	0.22%	4	0	0	4	0.27%
12	1	0	13	0.96%	15	1	0	16	1.08%
13	0	0	13	0.96%	7	1	0	8	0.54%
90	7	0	97	7.14%	86	7	1	94	6.36%
56	3	0	59	4.34%	59	4	2	65	4.39%
0	0	0	0	0.00%	1	0	0	1	0.07%
0	0	0	0	0.00%	0	0	0	0	0.00%
174	13	0	187	13.76%	167	9	1	177	11.97%
0	0	0	0	0.00%	1	0	0	1	0.07%
126	2	0	128	9.42%	140	2	0	142	9.60%
142	6	0	148	10.89%	177	13	1	191	12.91%
8	0	0	8	0.59%	10	0	0	10	0.68%
2	0	0	2	0.15%	8	0	0	8	0.54%
1	0	0	1	0.07%	2	0	0	2	0.14%
2	1	0	3	0.22%	0	0	0	0	0.00%
1	0	0	1	0.07%	0	0	0	0	0.00%
5	2	0	7	0.52%	7	0	0	7	0.47%
63	0	0	63	4.64%	82	2	0	84	5.68%
76	5	0	81	5.96%	93	4	1	98	6.63%
27	4	0	31	2.28%	34	5	0	39	2.64%
0	0	0	0	0.00%	0	0	0	0	0.00%
184	28	0	212	15.60%	189	17	0	206	13.93%
46	3	0	49	3.61%	35	3	0	38	2.57%
20	0	0	20	1.47%	20	1	2	23	1.56%
0	0	0	0	0.00%	4	0	0	4	0.27%
2	0	0	2	0.15%	0	0	0	0	0.00%
7	0	0	7	0.52%	10	1	0	11	0.74%
58	2	0	60	4.42%	53	3	0	56	3.79%
2	0	0	2	0.15%	26	2	0	28	1.89%
15	1	0	16	1.18%	24	0	0	24	1.62%
1	0	0	1	0.07%	0	0	0	0	0.00%
2	0	0	2	0.15%	0	0	0	0	0.00%
3	0	0	3	0.22%	6	0	0	6	0.41%
88	5	1	94	6.92%	87	4	0	91	6.15%
28	4	0	32	2.35%	32	3	0	35	2.37%
9	0	0	9	0.66%	6	0	0	6	0.41%
<u>1,271</u>	<u>87</u>	<u>1</u>	<u>1,359</u>	<u>100.00%</u>	<u>1,389</u>	<u>82</u>	<u>8</u>	<u>1,479</u>	<u>100.00%</u>

Navarro College District

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

Name	2015 - 2016 Graduate as of Fall 2016				
	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 Angelo State University	5	0	0	5	0.34%
2 Lamar University	5	1	1	7	0.48%
3 Midwestern State University	9	0	1	10	0.69%
4 Prairie View A&M University	3	1	0	4	0.28%
5 Sam Houston State University	93	5	4	102	7.03%
6 Stephen F. Austin State University	56	0	2	58	4.00%
7 Sul Ross State University	3	0	0	3	0.21%
8 Sul Ross State University - Rio Grande College	0	0	0	0	0.00%
9 Tarleton State University	166	8	8	182	12.54%
10 Texas A&M International University	0	0	0	0	0.00%
11 Texas A&M University	134	5	1	140	9.65%
12 Texas A&M University at Commerce	202	13	4	219	15.09%
13 Texas A&M University at Corpus Christi	15	1	1	17	1.17%
14 Texas A&M University at Galveston	5	0	0	5	0.34%
15 Texas A&M University at Kingsville	3	0	0	3	0.21%
16 Texas A&M University at San Antonio	0	0	0	0	0.00%
17 Texas A&M University at Texarkana	0	0	0	0	0.00%
18 Texas Southern University	5	1	0	6	0.41%
19 Texas State University	73	5	1	79	5.44%
20 Texas Tech University	71	3	1	75	5.17%
21 Texas Woman's University	27	3	1	31	2.14%
22 The University of Texas - Pan American	0	0	0	0	0.00%
23 The University of Texas at Arlington	186	21	4	211	14.54%
24 The University of Texas at Austin	28	1	0	29	2.00%
25 The University of Texas at Dallas	29	1	1	31	2.14%
26 The University of Texas at El Paso	2	1	0	3	0.21%
27 The University of Texas at Rio Grand Valley	0	0	0	0	0.00%
28 The University of Texas at San Antonio	16	1	1	18	1.24%
29 The University of Texas at Tyler	40	9	1	50	3.45%
30 The University of Texas of the Permian Basin	5	0	0	5	0.34%
31 University of Houston	12	0	0	12	0.83%
32 University of Houston at Clear Lake	0	0	0	0	0.00%
33 University of Houston at Downtown	1	0	0	1	0.07%
34 University of Houston at Victoria	0	0	0	0	0.00%
35 University of North Texas	114	6	1	121	8.34%
36 University of North Texas at Dallas	16	2	0	18	1.24%
37 West Texas A&M University	5	1	0	6	0.41%
Totals	1,329	89	33	1,451	100.00%

Source: Texas Higher Education Coordinating Board

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

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2014 - 2015 Graduate as of Fall 2015					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	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		
11	1	1	13	0.89%	10	1	1	12	0.77%
10	1	0	11	0.75%	11	0	0	11	0.71%
15	0	0	15	1.02%	17	1	1	19	1.22%
7	1	0	8	0.54%	3	2	1	6	0.39%
79	1	4	84	5.72%	76	4	2	82	5.27%
60	7	2	69	4.70%	61	7	4	72	4.62%
1	0	0	1	0.07%	1	0	0	1	0.06%
0	0	0	0	0.00%	0	0	0	0	0.00%
145	13	11	169	11.51%	149	11	7	167	10.73%
0	0	0	0	0.00%	0	0	1	1	0.06%
161	0	3	164	11.17%	150	5	5	160	10.28%
161	13	7	181	12.33%	182	20	15	217	13.94%
8	1	0	9	0.61%	8	1	1	10	0.64%
6	0	0	6	0.41%	7	0	1	8	0.51%
3	0	0	3	0.20%	7	1	0	8	0.51%
0	0	0	0	0.00%	0	0	0	0	0.00%
0	0	0	0	0.00%	0	0	0	0	0.00%
6	0	0	6	0.41%	6	0	1	7	0.45%
101	2	1	104	7.08%	101	5	2	108	6.94%
86	6	1	93	6.34%	86	7	1	94	6.04%
33	8	0	41	2.79%	44	4	0	48	3.08%
0	0	0	0	0.00%	2	0	0	2	0.13%
198	30	2	230	15.67%	195	19	8	222	14.26%
34	1	0	35	2.38%	30	1	2	33	2.12%
30	1	1	32	2.18%	22	0	1	23	1.48%
1	0	0	1	0.07%	0	0	0	0	0.00%
0	0	0	0	0.00%	0	0	0	0	0.00%
7	0	0	7	0.48%	11	0	0	11	0.71%
41	2	1	44	3.00%	40	3	1	44	2.83%
5	0	0	5	0.34%	4	0	0	4	0.26%
14	1	0	15	1.02%	19	0	1	20	1.28%
0	0	0	0	0.00%	0	0	0	0	0.00%
0	0	0	0	0.00%	2	1	0	3	0.19%
0	0	0	0	0.00%	3	0	1	4	0.26%
104	1	0	105	7.15%	115	2	3	120	7.71%
12	3	1	16	1.09%	29	2	1	32	2.06%
1	0	0	1	0.07%	5	3	0	8	0.51%
<u>1,340</u>	<u>93</u>	<u>35</u>	<u>1,468</u>	<u>100.00%</u>	<u>1,396</u>	<u>100</u>	<u>61</u>	<u>1,557</u>	<u>100.00%</u>



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

Name	2012 - 2013 Graduate as of Fall 2013				
	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students
	Academic	Technical	Tech-Prep		
1 Angelo State University	9	2	2	13	0.87%
2 Lamar University	7	0	2	9	0.60%
3 Midwestern State University	7	0	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	0	1	0	1	0.07%
8 Sul Ross State University - Rio Grande College	0	0	0	0	0.00%
9 Tarleton State University	151	14	13	178	11.91%
10 Texas A&M International University	0	0	0	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	0	1	17	1.14%
14 Texas A&M University at Galveston	3	0	0	3	0.20%
15 Texas A&M University at Kingsville	2	3	0	5	0.33%
16 Texas A&M University at San Antonio	0	0	0	0	0.00%
17 Texas A&M University at Texarkana	0	0		0	0.00%
18 Texas Southern University	5	0	1	6	0.40%
19 Texas State University	77	0	2	79	5.29%
20 Texas Tech University	66	4	2	72	4.82%
21 Texas Woman's University	35	4	2	41	2.74%
22 The University of Texas - Pan American	2	0	1	3	0.20%
23 The University of Texas at Arlington	169	24	8	201	13.45%
24 The University of Texas at Austin	40	1	2	43	2.88%
25 The University of Texas at Dallas	33	1	0	34	2.28%
26 The University of Texas at El Paso	0	0	0	0	0.00%
27 The University of Texas at Rio Grand Valley	0	0		0	0.00%
28 The Univeristy of Texas at San Antonio	8	1	0	9	0.60%
29 The University of Texas at Tyler	38	6	0	44	2.95%
30 The University of Texas of the Permain Basin	7	1	0	8	0.54%
31 University of Houston	14	0	0	14	0.94%
32 University of Houston at Clear Lake	0	0	0	0	0.00%
33 University of Houston at Downtown	2	0	0	2	0.13%
34 University of Houston at Victoria	0	0	0	0	0.00%
35 University of North Texas	122	7	6	135	9.04%
36 University of North Texas at Dallas	20	0	1	21	1.41%
37 West Texas A&M University	5	0		5	0.33%
Totals	1,333	100	61	1,494	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)

	2020	2019	2018	2017
Academic buildings	19	19	19	22
Square footage (in thousands)	296,531	296,531	296,531	355,002
Libraries	3	3	3	3
Square footage (in thousands)	30,000	30,000	29,540	29,540
Number of Volumes (in thousands)	56,875	56,875	61,047	60,617
Administrative and support buildings	10	10	10	5
Square footage (in thousands)	208,514	208,514	208,514	108,847
Dormitories/Apartments	22	22	22	24
Square footage (in thousands)	174,848	174,848	174,848	169,304
Number of Beds	860	860	860	860
Dining Facilities	2	2	2	2
Square footage (in thousands)	25,100	25,100	25,100	25,100
Average daily customers	1,337	1,337	1,564	1,074
Athletic Facilities	12	12	12	7
Square footage (in thousands)	77,658	77,658	77,658	81,708
Gymnasiums/Weight Room	2	2	2	2
Tennis Court	-	-	-	-
Physical Plant Facilities	5	5	5	3
Square footage (in thousands)	23,140	23,140	23,140	23,023
Transportation	55	55	60	53
Cars	20	20	22	14
Light Trucks/Vans	31	31	34	35
Buses	4	4	4	4

Table 19

2016	2015	2014	2013	2012	2011
22	22	22	15	14	14
355,002	355,002	355,002	321,117	300,786	300,786
3	3	3	3	3	3
29,540	29,540	29,540	29,540	29,540	29,540
56,507	59,898	60,894	60,078	59,012	61,226
5	5	5	3	3	3
108,847	108,847	104,287	95,819	95,819	95,819
24	24	24	24	24	23
169,304	169,304	169,304	169,304	169,304	156,254
860	860	860	883	883	819
2	2	2	1	1	1
25,100	25,100	25,100	22,100	22,100	22,100
1,198	1,302	1,450	1,108	1,008	1,037
7	7	7	7	5	5
81,708	81,708	81,708	81,708	66,416	66,416
2	2	2	2	2	2
-	-	-	-	-	-
3	3	3	2	1	1
23,023	23,023	23,023	16,030	9,492	9,492
48	48	48	43	45	40
12	11	11	12	14	12
32	33	33	27	27	24
4	4	4	4	4	4



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



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

To the Board of Trustees
Navarro College District
Corsicana, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of Navarro College District (the “District”), as of and for the year ended August 31, 2020, 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 17, 2020. 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) as a basis for designing 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.

To the Board of Trustees
Navarro College District

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 financial statements. 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.

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

Fort Worth, Texas
December 17, 2020

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE 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, 2020. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

To the Board of Trustees
Navarro College District

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and the *State of Texas Single Audit Circular (Uniform Grant Management Standards)* and which is described in the accompanying schedule of findings and questioned costs as item #2020-001. Our opinion on each major federal and state program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However,

To the Board of Trustees
Navarro College District

we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item #2020-001, that we consider to be a significant deficiency in the District's internal control over compliance.

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

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.

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

Fort Worth, Texas
December 17, 2020

NAVARRO COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2020

I - Summary of Auditors' Results

Financial Statements

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

Federal and State Awards

Internal control over major programs:			
○ Material weakness(es) identified?	_____	yes	_____ <u>x</u> no
○ Significant control deficiency(ies) identified?	<u>x</u>	yes	_____ 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?	<u>x</u>	yes	_____ 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
	Education Stabilization Cluster:
84.425E	COVID-19 Student Emergency Fund
84.425F	COVID-19 Higher Education Emergency Relief Fund-IHE/Institutional Portion

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:	\$800,569
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?	<u>x</u>	yes	_____	no
State Single Audit - Auditee qualified as a low-risk auditee?	<u>x</u>	yes	_____	no

NAVARRO COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended August 31, 2020

II - Financial Statement Findings

None noted.

III - Federal Award Findings and Questioned Costs

None noted.

IV - State Award Findings and Questioned Costs

This section identifies material weaknesses, significant deficiencies, and instances of non-compliance, including questioned costs, 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), and the *State of Texas Single Audit Circular (Uniform Grant Management Standards)*.

Finding #: 2020-001

Compliance Requirement: Matching

State Program: Texas Education Opportunity Grant (TEOG)

State Award Year: 2020

Type of Finding: Noncompliance and Significant Deficiency in Internal Control Over Compliance

Criteria: Per Texas Administrative Code Title 19, Part 1, Chapter 22, Subchapter M Texas Education Opportunity Grant (TEOG) Program Rule 22.261 Grant Amounts and Adjustments:

An approved institution may not charge a person receiving a grant through that institution an amount of tuition and required fees in excess of the grant received by the person. Nor may it deny admission to or enrollment in the institution based on a person's eligibility to receive or actual receipt of a grant. If an institution's tuition and fee charges exceed the grant, it may address the shortfall in one of two ways:

(1) it may use other available sources of financial aid, other than a loan or Pell grant to cover any difference in the amount of the grant and the student's actual amount of tuition and required fees at the institution; or

(2) it may waive the excess charges for the student. However, if a waiver is used, the institution may not report the recipient's tuition and fees in a way that would increase the general revenue appropriations to the institution.

NAVARRO COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended August 31, 2020

Condition:	The District did not meet the matching requirements for two (2) of the sixty (60) students selected for testing.
Context:	Two (2) of the sixty (60) students, or 3% tested, had tuition and fee amounts which exceeded the TEOG award amounts and this excess was covered by student payments, Pell, and/or direct loan funds.
Cause:	A spreadsheet is used to manually track tuition and fee charges, TEOG awards, and matching funds. The initial matching funds are awarded after each census date of the semester term. These funds are checked a second time at the time of billing and a final review occurs prior to the submittal of required reporting to the Texas Higher Education Coordinating Board. The two (2) students with an incorrect match had changed their schedules after the last time the funds had been checked.
Effect:	Failure to provide the required amount of matching (in the form of other scholarships, federal funding, or waivers) causes students to take out additional funding (through Pell or direct loans) or pay out of pocket for the additional tuition and fee balance. Additionally, failure to meet the matching requirements could potentially lead to loss or return of funding.
Questioned Costs:	None reported
Repeat Finding:	No
Recommendation:	We recommend for the District establish procedures to ensure that students who receive TEOG funding less than tuition and fees are provided an appropriate match to cover the excess.
Views of Responsible Official:	Management agrees that the matching requirement was not adjusted after schedule changes, which occurred after the review of TEOG recipients.

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, 2020 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

#2020-001

Compliance Requirement: Matching

State Program: Texas Education Opportunity Grant (TEOG)

State Award Year: 2020

Type of Finding: Noncompliance and Significant Deficiency in Internal Control Over Compliance

Description: A report is being written by technology to identify all schedule changes that can be run daily if needed that identify those TEOG recipients in case match requirements need to be adjusted, reducing some of the current manual processes in Financial Aid.

Responsible Party: Technology will create the report and the Financial Aid Department will run and review the reports for accuracy to ensure correct TEOG matching.

Estimated Completion Date: December 11, 2020